

RUSSIA ON THE EVE OF NATIONAL ELECTIONS

HEARING BEFORE THE COMMITTEE ON FOREIGN AFFAIRS HOUSE OF REPRESENTATIVES

ONE HUNDRED TENTH CONGRESS

FIRST SESSION

OCTOBER 30, 2007

Serial No. 110-120

Printed for the use of the Committee on Foreign Affairs



Available via the World Wide Web: <http://www.foreignaffairs.house.gov/>

U.S. GOVERNMENT PRINTING OFFICE

38-603PDF

WASHINGTON : 2008

For sale by the Superintendent of Documents, U.S. Government Printing Office
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RUSSIA ON THE EVE OF NATIONAL ELECTIONS

TUESDAY, OCTOBER 30, 2007

HOUSE OF REPRESENTATIVES,
COMMITTEE ON FOREIGN AFFAIRS,
Washington, DC.

The committee met, pursuant to notice, at 10:07 a.m., in room 2172, Rayburn House Office Building, Hon. Tom Lantos (chairman of the committee) Presiding.

Chairman LANTOS. The committee will come to order.

This morning, we turn our attention to the Russia of Vladimir Putin. It is more in sorrow than in anger that I say that today's Russia is a tremendous disappointment. There was a time not so long ago when a new Russia, bright and smart and crackling with newfound freedom, seemed to be emerging from the dismal wreckage of the Soviet Union.

Boris Yeltsin, the son of a Gulag prisoner and the grandson of a man whose land had been expropriated by the Communists, faced down the last defenders of the old order and emerged as Russia's first-ever freely elected President. It was my great pleasure to be his first host in the Congress at a truly unforgettable meeting, because it seemed to all of us, whether we were young and naive or seasoned and cynical, that, after 1,000 years of nondemocratic rule, maybe there was a chance for a breakthrough.

Now, Boris Yeltsin presided over a flawed democracy, but it was a democracy nonetheless. Back then, Russia had a genuine opposition; a lively, free press; and, for the first time in that nation's 1,000-year history, a relatively independent judiciary. When Boris Yeltsin was in power, reasonable people in both our countries could hope that, at last, the United States and Russia were on the way to forging a genuine, lasting and beneficial friendship.

But Yeltsin, inexplicably, named as his political heir an ex-KGB colonel, Vladimir Putin. And for Russian democracy and for Russian-American relations as well, that move proved to be a disastrous choice.

Since Vladimir Putin assumed the presidency Russia has, once again, become a highly centralized and authoritarian state. Increasingly, Putin's lieutenants hold top political and government jobs while, at the same time, controlling gigantic economic enterprises.

There are those who view the phony case against former Yukos Oil chief executive Mikhail Khodorkovsky, who was arrested just over 4 years ago, as directly related to this grab for power. Just last week, the European Court of Human Rights found five viola-

tions in Russia's proceedings against Mr. Khodorkovsky's jailed business partner, Platon Lebedev. Yet, the Russian authorities remain unwilling to free these men or even to move the court proceedings to Moscow. Who would even have ever imagined back in the days of the new Russia that, within a few years, political prisoners would again be languishing in Siberia?

In Moscow's ruling circles, the ideology of the moment is not Western democracy but a version, I presume the Russian version, of the Chinese model, the idea that it is not only possible but desirable to combine economic modernization with political repression.

In Russia today, the opposition has, for all practical purposes, ceased to exist. A poll conducted last week found that even the Kremlin-backed opposition party, Fair Russia—what a title—is only likely to garner 4 percent of parliamentary seats. This would leave the Communists as the only so-called opposition in the Duma.

In spite of all this, there are a handful of incredibly courageous Russian Democrats, some of them chess players, who insist on trying to run against the Putin machine, hoping to make the point to the Russian people that there is or that there ought to be an alternative. These would be opponents of Putin's in the upcoming parliamentary elections who have been arrested, beaten, excluded from the ballot and denied access to the state-controlled media.

Is it any wonder that the Putin Government has not, as yet, issued visas to the independent observers from the Council of Europe and the OSCE who are scheduled to monitor the December elections? What has happened to the free press in Russia? The independent press in Russia has been all but eliminated. Violence against independent reporters is so prevalent that Russia now ranks as the third-most dangerous place in the world to be a journalist. Only Iraq and Colombia are worse.

Anna Politkovskaya, a courageous woman I had the privilege and the pleasure of meeting, a fearless reporter and a longstanding critic who was ruthlessly gunned down outside her Moscow apartment just over a year ago, is one of 13 Russian journalists who have either been murdered or who have died of suspicious causes during the Putin years. Not one of these cases has, as yet, been solved.

Vladimir Putin has been able to do what he has done not because he is more intelligent than anyone else or has a more attractive political program. The secret of his success is simple: It is based on the high price of oil, which has provided to Russia hundreds of billions of dollars of unexpected revenue. With this enormous windfall, Mr. Putin has been able to buy off public opinion in Russia.

The newfound oil wealth has also fueled an increasingly aggressive foreign policy toward Russia's neighbors. Putin has used oil and gas supplies to try to intimidate neighbors, most notably by shutting off gas supplies to the Ukraine and to Moldova in the dead of winter. He has used economic leverage to intimidate the Republic of Georgia by introducing sanctions that limit the imports of wine and produce, as well as by blocking transport and postal links.

For reasons that are, perhaps, not clear, the Putin Government has repeatedly shown an irresponsible attitude toward global threats to peace, especially with regard to Iran. The Russians say

that they are opposed to a nuclear Iran. Indeed, Putin recently said that the two countries most threatened by an Iranian bomb would be Israel and Russia. Even so, Putin insists upon fishing in these very troubled waters. He refuses to join with the civilized world in placing meaningful sanctions on Iran, and he goes so far as to sell to Iran advanced antiaircraft missiles.

Putin has also hindered the United Nation's efforts to preserve peace in the Balkans by resolving the final status of Kosova. His threats to veto any U.N. resolution that would grant long-deserved independence to Kosova make it unlikely that a unified international agreement will be found. If the United States and its European allies unilaterally recognize an independent Kosova, as I strongly support and that seems most likely at this stage, Putin has threatened to recognize Abkhazia, a move likely to destabilize an already fragile situation in the Caucasus.

Putin is in a position to behave as he does, both at home and abroad, for one reason and one reason only, and that is the price of oil. Until we in this country deal with our dependence on foreign oil, our ability to influence Russia and other countries similarly situated with respect to energy supplies will, necessarily, be extremely limited.

I very much hope that my gloomy assessment is wrong. I am the only Member of Congress in the history of the Congress who owes his life to the Russian army. I was in the anti-Nazi underground in Budapest in mid-January 1945 when the Russian army came in. It came into Pest, not to Buda, because it took an additional month for Buda to be occupied. And I have a longstanding intellectual fascination with Russian civilization and culture. Few things excite me more than attending a performance at the Bolshoi or reading a book by Dostoevsky or any of the other giants of Russian literature. And I still hope, perhaps not very rationally, that the spirit of the good Russia will ultimately prevail, but the moment seems somber. I eagerly hope that our two distinguished witnesses, Ambassador Talbott and Dr. Piontkovsky, might give us a more hopeful analysis.

I now yield to my friend and colleague, the ranking minority member, Ileana Ros-Lehtinen.

Ms. ROS-LEHTINEN. Thank you so much, as always, Mr. Lantos, for a wonderful opening statement. And I thank you for calling this hearing.

Thank you to the witnesses as well as the visitors who are joining us.

In the 1990s, a newly independent Russia attempted to quickly leap into the community of democratic states and integrate itself into the global economy. While significant efforts were made to bring Russia out of its Communist framework, we realize now how unsuccessful these were in several key areas.

Corruption embedded itself at the highest level of the Russian Government, and economic collapse in the late 1990s was reversed only by a subsequent rise in prices for Russia's main exports, oil and gas. Elections became even more obviously rigged through state manipulation of the media, alleged falsification of vote tallies and the intimidation of political opponents. The Russian people's nationalism was harnessed for the election of those affiliated with

the Kremlin in late 1999 and for the election of Vladimir Putin in March 2000, this through a series of mysterious bombings of Russian apartment buildings and the invasion of Chechnya.

We have since seen Putin take Russia down a path of authoritarian and antidemocratic domestic policies and aggressive and irresponsible foreign policy. While Russia's privatization of the 1990s had directed that wealth to an influential group of so-called oligarchs outside of the government, under Putin, a sort of re-privatization has directed much of that wealth into the hands of those at the very top of the Russian Government, if not, in fact, into Putin's hands directly. Independent parties allowed to function in the 1990s have been squeezed out of political participation in favor of pseudo parties set up by and for the benefit of the circle around Putin in the Kremlin.

Regardless of the euphemisms that the Putin Government uses, we now understand that Russia today is nothing more than a virtual democracy, as some have called it, with a core of state-directed corruption and state-manipulated nationalism. Although it is still a guessing game as to who will be Russia's President after Putin's term runs out in March, what seems clear is that neither the transition nor the upcoming parliamentary elections in December will be free or democratic.

The Kremlin has cracked down on political opposition groups through administrative measures and harassment and has brought the media almost completely under state control or influence. Over the past decade, by some estimates, close to 90 independent Russian reporters have been murdered or have died under mysterious circumstances, with almost all of those victims having been involved in investigations of corruption.

I also want to take this opportunity, Mr. Chairman, to bring up the poisoning of Alexander Litvinenko late last year in England. He was a former member, as we all know, of the Russian security services and had made serious accusations about corruption at the top levels of the Russian Government and about Government involvement in the 1999 apartment building bombings. To date, the Russian Government has refused the request of the Brits to extradite a prime suspect in that poisoning.

In an attempt to keep our attention focused on this issue, I have introduced House Concurrent Resolution 154, which asks the President and the Secretary of State to urge Putin to cooperate fully with the British Government in its investigation.

Turning to Russia's foreign policy, any attentive observer of Russian affairs can see the determination with which Moscow is seeking to use the monopoly of energy supply to Western Europe as a tool for manipulation and, to some extent, coercion.

On the issue of the future status of the region of Kosova, Russia's refusal to remove its troops from Moldova and its sustained support for separatist regions in Georgia are not justified and are, in fact, extremely unhelpful. Its attempt to prevent the Organization on Security and Cooperation in Europe from continuing to act as a meaningful agent of human rights and democracy are transparent.

And with respect to efforts to prevent Iran from becoming a nuclear-weapon state and to ending the genocide in Darfur, Russia

has been part of the problem and has certainly not been part of the solution to these two issues.

Finally, Mr. Chairman, its continued sale of advanced weapons to Iran and to Syria also remains of grave concern to many of us. To try to continue to address this last issue of arms transferred to Iran and to Syria, I am this week introducing a resolution that calls on Russia to immediately end those arms sales and urges the President to fully utilize his existing authorities to implement sanctions against those Russian entities found to be undertaking arms transfers to those regions.

Mr. Chairman, I, again, thank our distinguished witnesses for being here today. I look forward to hearing their views on these issues. And thank you, again, for this topic and for this hearing.

Chairman LANTOS. I want to thank my friend for her excellent opening statement.

Before turning to our two distinguished witnesses, I am delighted to note that several members of the European Parliament have graced us with their presence. Probably one of the best congressional experiences I had was in the 1990s when, for 10 years, I led the United States Congressional Delegation to the European Parliament.

So may I ask the members of the European Parliament to please stand, so we can recognize you?

[Applause.]

Chairman LANTOS. We are delighted and honored by your presence.

I spent the last 27 years of my life here in Congress and the previous 33 years at the university, and today, I am enjoying the rare privilege of combining these two experiences, because there is no American university which could have a graduate seminar on contemporary Russia with two better-qualified professors.

And we are truly honored to have both of you.

These two very distinguished and knowledgeable witnesses are thanked by all of us for giving us their time.

Strobe Talbott, who is today testifying before our congressional committee for the first time since he left the Department of State in 2001, is one of our Nation's most experienced and most sophisticated observers of Russian affairs. Mr. Talbott, who currently serves as president of the Brookings Institution, has in the course of his spectacular career been a journalist, academician and a top-level Government official. And in all three areas, he has made exceptional contributions.

I would like to recognize his wife, who is here in the room, because she played a key role in those contributions.

Will you please stand?

[Applause.]

Chairman LANTOS. Mr. Talbott has been editor-at-large for *Time Magazine*, special advisor to the Secretary of State for the newly independent states of the former Soviet Union, and, for 7 full years, Deputy Secretary of State. He is the author of many books, among them *The Russia Hand: A Memoir of Presidential Diplomacy* and *Engaging India: Diplomacy, Democracy and the Bomb*. I understand that Mr. Talbott has a new book coming out in January, and I very much look forward to its publication.

Strobe Talbott did his undergraduate work at Yale. He was a Rhodes Scholar at Oxford. While there, as a sideline, he translated the memoirs of Nikita Khrushchev into English.

Dr. Andrei Piontkovsky is a Russian mathematician and a political scientist. And this is so quintessentially Russian that you can be a political scientist and a mathematician simultaneously. This is where our previous President got the notion that you can chew gum and walk at the same time.

He is a visiting senior fellow at the Hudson Institute. He served as executive director of the Strategic Study Center in Moscow. He is a prolific writer of articles on Russian politics and is a frequent guest on the BBC World Service's "Radio Liberty." His most recent book is entitled *Another Look into Putin's Soul*. Hopefully, it is a more realistic look than the first one.

He has also published more than 100 professional papers in the field of applied mathematics about which I am not qualified to give professional judgment.

Dr. Piontkovsky received his undergraduate and Ph.D. degrees at Moscow State University. He also holds a Master of Science degree from the London School of Economics.

We are honored to have both of you.

Ambassador Talbott, the floor is yours.

STATEMENT OF THE HONORABLE STROBE TALBOTT, PRESIDENT, THE BROOKINGS INSTITUTION, FORMER DEPUTY SECRETARY OF STATE

Mr. TALBOTT. Thank you, Mr. Chairman, very much.

Mr. Chairman, Congresswoman Ros-Lehtinen and all of your colleagues, it is a particular pleasure to be here this morning.

Mr. Chairman, you have presented me with a challenge that I am not sure that I am up to, which is to dispel your gloom on the topic that we are going to discuss. And I, of course, do not want to preempt or to anticipate what Dr. Piontkovsky is going to say, but I know his work well enough to suspect that he will probably have things to say which are very much in the spirit of what you and the ranking member have said by way of the opening these proceedings.

I would, however, particularly because of your graciousness in recognizing my wife's presence here, make one autobiographical recollection of my own. And that is, immediately after our marriage in 1971, we went to live in a part of the world that was then called Eastern Europe. We were residents in Belgrade, the capital of a country that no longer exists. We spent a lot of time studying a very large country that no longer exists, called the Union of Soviet Socialist Republics. We used to frequently go for R&R to Budapest.

I can tell you, Mr. Chairman, that, in those days, we would not have believed a prophet who would have appeared and told us that Hungary would in our lifetimes, never mind the lifetime even of our son, Adrian, who is with us here today, be a member of the European Union and a member of NATO. So a lot has changed and is not going to be turned back since the truly bad old days of the Cold War.

Now, that said, the two of you, in your opening comments, have made it relatively easy for me, at least, to make some opening

statements. And I have submitted for the record written testimony, and I am only going to refer to a couple of points.

Chairman LANTOS. Without objection, the entire testimony will be placed in the record.

Mr. TALBOTT. I think that the way in which you, Mr. Chairman, captured the combination of hope and apprehension that all of us felt about Russia back in the 1990s is absolutely accurate.

I remember quite vividly sitting in essentially this chair, certainly in this chamber, with some of you who are here today—yourself, Mr. Berman and other members of the committee—in 1993, and the reasons for hope were very real, and I will not repeat what you have already said. The reasons for apprehension were also very apparent.

I can remember, in the midst of a hearing chaired by Lee Hamilton, having one of my colleagues from the State Department pass me a note saying that violence had broken out in the showdown between Boris Yeltsin and the Parliament. And we had to call the hearing to a halt so that I could rush back to the White House to help President Clinton deal with that.

One thing that was a saving grace during that period of hope and apprehension was that there was a very high degree of bipartisan support in this committee, in this House and in this Congress for a policy of doing everything that we could to help post-Soviet Russia move in the favorable direction that you sketched out.

And I think that that bipartisan support, like the policy itself, was rooted in a recognition of an organic connection through history between the nature of Russia's internal regime and the nature of Russian conduct outside of its own borders, which is to say a totalitarian Soviet Union pursued an aggressive and threatening foreign policy, whereas, under President Yeltsin, a reformist post-Soviet Russia pursued domestic policies such as a free press, pluralism, an incipient, open society, and the beginnings of a multiparty parliamentary democracy.

In its foreign policy, post-Soviet Russia took the following steps that all of us believed at the time were not only in Russia's interest but that were very much in our interest and that of our friends and allies around the world: Namely, accepting the inner republic frontiers of the old USSR as international borders; withdrawing Russian troops from the Baltic states; cooperating with the West in bringing about the denuclearization of three other post-Soviet states; entering a collaborative relationship with an expanding NATO; and assisting in the ending of genocidal war in the Balkans.

Now, in the intervening years, I think we have seen two phenomena or trends. One is that the physical and material and economic hardship accompanying reform triggered a backlash in Russia, making reform itself, and to some extent democracy, dirty words. And that created a constituency for a return to authoritarianism and autocratic rule.

Second, another word in English that was borrowed into Russian, "partnership," also became kind of a dirty word and triggered a backlash of its own toward a foreign policy on the part of the Russian Federation that some today call "revisionist." I would say this is just another illustration of the connection between what is hap-

pening inside Russia and the way Russia behaves on the world stage.

Under Vladimir Putin, not only has Russia become less free, but it has also become more corrupt. And both of you alluded to that. And I am sure the ways in which it has become less free are something that Dr. Piontkovsky is going to bear witness to, since he knows that subject so well and so personally. But in parallel with that, Russia has also become more competitive and more obstructive in its dealings with the West, and it is tending to throw its weight around in its own neighborhood. And you and the ranking member both gave us some examples of that.

I would, before coming back to the subject of Mr. Putin, though, offer a proposition that is unprovable but what I believe to be the case. Even if Boris Yeltsin had chosen as his successor—and by the way, Mr. Chairman, I do not think it is quite as inexplicable as you suggested as to why he chose Mr. Putin, but we can get into that in the discussion if you want.

Even if Boris Yeltsin had not chosen a former spy with a penchant for the “dictatorship of the law” and the “vertical of power,” I suspect that a Russia in the first decade of the 21st century would probably be pursuing a more assertive external policy than Russia did in the 1990s. That is partly because Russia has the means and the motive to do so; it has oil revenues pouring in. And it also welcomes the chance now that it is rolling in petrodollars to pound its chest and to engage in what I think many Russians regard as pay-back for what many Russians regard as the humiliation that they went through in the 1990s.

But I would certainly add to that proposition an acknowledgment that, under Mr. Putin, a natural and inevitable backlash has been considerably exaggerated. What we are seeing in Russia today is nothing less than an experiment in what most generously might be called a “managed quasi-democracy” as designed and practiced by alumni of the security services and supported by a recentralized government bureaucracy.

There are some of the trappings and forms of democracy. The rulers do want public opinion on their side, and they want the legitimacy that comes with a Constitution and with elections. But they also want and insist upon controlling the public opinion through the media, controlling the electoral process and the outcome of the electoral process through the consolidation of the Kremlin-supported forces into what amounts to a one-party system.

The one thing, of course, Mr. Chairman, I think that has changed since your last hearing, if I am not mistaken, on this subject—which was back in May—and now is that, in addition to talking about one system, we have to talk about the continuation of one man in power. I have followed very closely the proceedings of the excellent hearings that you have held here before. There was a consensus that Mr. Putin would be stepping down next year. It is not so clear now. It seems that he is now quite interested in finding a way to remain at the pinnacle of the so-called “vertical of power.”

Now, kind of a hard point for all of us Americans to face up to is that we must recognize, A, that Mr. Putin is popular. He is widely popular. We have to make allowances for the fear factor and for the control of the polling mechanisms there, but I think that there

is a lot to suggest that he is genuinely popular. And one reason he is popular is that he is standing up to us. In other words, every time he can get into a bit of a jousting match—or maybe I should say a Jujitsu match—with his American counterparts, he puts points on the board for himself. And that is not just a game that he is playing domestically; it is a game that he is playing internationally as well.

I would cite as an example of that the security conference in Munich. And maybe some of our European colleagues were there, because I know some of our Members of Congress, including Mr. Berman, were there. This was last February. And Vladimir Putin made headlines by coming out swinging and landing a lot of punches on Uncle Sam, as it were, and on the Bush administration in particular. He really laid into the United States for throwing its own weight around, not just in its neighborhood but all around the world.

And there was something that did not get a lot of coverage in that. I would be interested if Mr. Berman saw this, as well. A number of people there noticed that there were a lot of heads nodding in that chamber, Western European heads. I think that Secretary Gates, who was the senior representative of the executive branch, handled that challenge very, very well by not rising to the bait and putting a memorable line onto the record of the conference, which is, "Thank you very much, but one cold war was quite enough, and we are not going to have another one."

But the fact that there were heads nodding in that session underscores a hope that I have for the future, and that is that we can do—"we," the United States—can do an even better job of coordinating closely with our Western European colleagues on a variety of issues, a number of which will come up in the course of the discussion today. But very much on that list should be coordinating more tightly our analysis of what is going on in Russia and our policy toward Russia.

I think that it is a very good sign, indeed, Mr. Chairman, that you have your counterparts from the European Parliament here. That just underscores the value of tightening transatlantic collaboration on this issue.

In the course of the discussion, I hope we can touch upon a number of issues that go to the famous Russian question, "What is to be done?" I would associate myself with the recommendations that Ambassador Stephen Sestanovich made. He has come before you at least twice during the course of these hearings. Also, I would recommend some recent speeches by William Burns, our very able Ambassador in Moscow.

I would hope that we could have a lot of bipartisan support for the need to try to not give up on bringing Russia into a world-based international order. That means bringing them into the WTO and all that that entails.

And I would hope, if time permits, we might spend a few minutes before the end of the session on the future of arms control and non-proliferation and the opportunities that we have to work with Russia in those two areas.

Thank you very much.

[The prepared statement of Mr. Talbott follows:]

PREPARED STATEMENT OF THE HONORABLE STROBE TALBOTT, PRESIDENT, THE
BROOKINGS INSTITUTION, FORMER DEPUTY SECRETARY OF STATE

Mr. Chairman, thank you for the opportunity to join you and your colleagues in a discussion of Russia and U.S.-Russian relations.

I would like to begin on a personal note, Congressman Lantos. You and I go back a ways on this subject and in this setting. I remember an interchange we had in this chamber fourteen years ago, in 1993. I believe Congressmen Ackerman, Berman, and Smith were also present. Post-Soviet Russia was then less than two years old. It was a time of both hope and apprehension. The question on our minds then was whether Russia, having broken out of the Soviet Communist system, might cast off the dead hand of its history and become (in a phrase of yearning we often heard from Russians) a normal, modern country—an open society, with a pluralistic democracy, with a free media, with rule of law, with an independent judiciary, with a system of checks and balances—and beyond that: a country that participated to everyone's benefit in the international economy, and a genuine partner of the United States in the task of ensuring a peaceful 21st century (the beginning of which was still seven years in the future).

Boris Yeltsin was locked in a struggle with Communist hardliners in the Parliament. In fact, news of that confrontation turning violent interrupted our hearing fourteen years ago and required me to return urgently to the White House. The policy of the administration for which I worked at the time—then in its first year in office—was to help the emerging Russian state shed the legacies of communism and authoritarianism so that it could take Russia in the direction I just described.

That policy of the U.S. executive branch had bipartisan support here in Congress and on this Committee, first under Lee Hamilton's chairmanship and later under Ben Gilman's. There was recognition on both sides of the aisle that America has an enduring interest in Russia's evolution. Why? Because how Russia conducts itself beyond its borders has always depended in large measure on how it is governed internally. A totalitarian—that is, Soviet—Russia pursued an aggressive and threatening foreign policy, while under Yeltsin, a reformist post-Soviet Russia accepted the inter-republic frontiers of the old USSR as international borders; it withdrew troops from the Baltic states; it cooperated with the West in ensuring the denuclearization of Belarus, Kazakhstan, and Ukraine; it entered a collaborative relationship with an expanding NATO; and it assisted in ending ethnic cleansing and slaughter in the Balkans.

Here we are, fourteen years later, dealing with what many in the West (and in Russia too) see as a revisionist Russia. Some have even called it a revanchist Russia—a Russia whose leaders and much of its political élite feel that it's payback time for what they recall and resent as the hardships and humiliations of the first decade after the collapse of the USSR. Six months ago members of the Russian political establishment buried Yeltsin in Novodevichy Cemetery with only the most muted and qualified praise. Their aspiration, like Yeltsin's, is to join the world—but, as many of them see it, that means joining on *their* terms and nobody else's, least of all ours.

The personification of that attitude is, of course, Yeltsin's handpicked successor, Vladimir Putin. Not only has Russia become more autocratic—it has also, in keeping with the organic link between the nature of the internal regime and its international behavior, adopted a more competitive and sometimes obstructive posture in its dealings with the West and has tended to throw its weight around in its own neighborhood.

Before further comment on Mr. Putin and what he stands for, let me pose a proposition that is unprovable, but one that I believe to be true: even if Yeltsin's successor were not a former spy with a penchant for the "dictatorship of law" and the "vertical of power," that person would probably be pursuing a more assertive external policy than Yeltsin, not least because Russia now has the means and the motive to do so, with oil revenues pouring in and with a relish for pounding its chest a bit after years of tearing its hair and gnashing its teeth.

Under Putin, however, that natural and perhaps inevitable backlash against the 1990s has been exaggerated. Russia's periodic spasms of anger toward small countries are sufficiently emotional on all sides that they risk getting out of control. None of us wants to have the topic of the next hearing of this Committee be a post-mortem of an outbreak of conflict between Russia and Georgia or Estonia.

You and your colleagues on this Committee, Mr. Chairman, have focused on these worrisome developments in a series of hearings since March 2004, of which today's meeting is a part. Of all the testimony you have heard and I have read, I would like to zero in on one point that was made most forcefully by Ambassador Stephen Sestanovich, who is now at the Council on Foreign Relations and Columbia Univer-

sity. On May 17th, he told you that the testiness in U.S.-Russian government-to-government relations reflects the deterioration on both sides of public support for the once-vaunted concept of partnership. I focus on that point because of what it says about the Russian side of the equation: real politics has come to Russia in the sense that government policies and public attitudes are largely in sync—and they are mutually reinforcing.

Notice that I said “real politics”—I didn’t say “real democracy.” Nor did I say “dictatorship.” Rather, what we’re seeing in Russia is an experiment in *managed* quasi-democracy as designed and practiced by alumni of the security services and supported by a recentralized government bureaucracy. Russia’s rulers today want public opinion on their side, and they need the legitimacy that only a constitution and elections can confer; but they also want to control public opinion through the media, and to control the electoral process and its outcome through the consolidation of Kremlin-supported forces into a virtual one-party system.

The only major change since your last hearing on Russia five months ago is this: back then, it was generally expected that, after next March’s presidential election, Mr. Putin—who is prohibited by the constitution from serving a third term—would turn over the leadership of Russia to someone else, albeit surely his own handpicked successor. Now it appears that he may well remain the top leader even when he assumes a different title—perhaps that of prime minister.

If that happens, it will be largely because Putin is not just powerful but popular. He is widely regarded as indispensable to preserving the economic progress, domestic stability, and revived international stature that Russians welcome and want to see continue.

Moreover—and this goes to one of the points I want to stress in these remarks—we Americans must recognize that one reason for Putin’s popularity is the way he stands up to *us*. While he and our president still call each other George and Vladimir, they or their close colleagues have had other, less friendly names for each other’s countries. When Vice President Cheney suggests that Russia is morphing back into the USSR, Putin strikes back by dropping thinly veiled hints that our international behavior is comparable to that of the Third Reich—and then, of course, Putin denies having intended any such invidious comparison and, for good measure, compares himself to Franklin Delano Roosevelt.

Last week, shortly after Putin made the latter statement, our very able ambassador in Moscow, William Burns, gave a speech noting that President Roosevelt is remembered and revered not because he served more than two terms as president but because of his mastery of the principles and institutions of democratic governance.

“Touché,” I would say, but, to his credit, Ambassador Burns made the point in a constructive way that was not simply an extension of a fencing match. Instead, his comeback about FDR was dropped into a speech in which, while recognizing what is troublesome about Russia’s current course, he also highlighted favorable trends (particularly in the economy) and opportunities for—if not partnership—then at least selective cooperation where our interests converge.

That, it seems to me, is the right way to parry Mr. Putin and his spokesmen in their current combative mode. Condoleezza Rice and Robert Gates had a chance to demonstrate the same restraint when they went to Moscow nearly three weeks ago. Mr. Putin welcomed them with some sharp-elbowed comments to please the local grandstands. The two American visitors kept their cool—and they were right to do so. Had they reacted otherwise, they would have put more points on the board in the game President Putin is playing domestically.

It is also a game he is playing internationally, as Mr. Gates himself discovered last February when he was the senior representative of the administration at a security conference in Munich. (Congressman Berman was there.) President Putin used his turn at the podium to lambaste what he depicted as the heavy-handedness of U.S. foreign policy. When it came time for Mr. Gates to reply, he did not rise to the bait. Instead of rebutting Putin point by point, he stressed areas of actual or potential convergence in U.S. and Russian interest, thereby not letting himself be used as a foil to Putin’s America-bashing. At the same time, he made clear that the U.S. will firmly and candidly oppose Russia when, for example, it carries out cyber-attacks on Estonia or violates Georgian airspace—with a Raduga cruise missile, no less.

In his Munich reply to Mr. Putin, Mr. Gates noted that “one cold war was enough”—a line that did double duty: it refuted the fashionable idea that we’re in a second cold war already, and it subtly took Putin to account for suggesting such a thing.

I recount these episodes because they illustrate the importance of getting the tone and tactics right in conducting our end of what is probably going to be a sometimes-contentious U.S.-Russian dialogue for a long time to come.

Another point about the Munich incident: we face the challenge of keeping our allies as much as possible with us in how we see Russia, how we talk about Russia, and how we deal with Russia. While Putin was delivering his broadside against the U.S., quite a few non-Russian heads in the audience there were nodding in silent agreement—that is, West European heads.

That said—whatever their current exasperation with U.S. foreign policy (and it is considerable)—our allies are, to put it mildly, a lot more worried about Russia, and not just because of their dependence on Russian oil and, especially, gas. I believe, Mr. Chairman, that we Americans should be consulting much more frequently and intensively with our European counterparts with an eye to concerting our views and coordinating our policies. In addition to other reasons for doing so, we need the Europeans' help in encouraging a constructive Russian role in the ongoing multilateral diplomacy over Iran, Kosovo, the Middle East, the Korean Peninsula, and a variety of other trouble spots that this Committee has considered in its deliberations in recent months, including, of course, our biggest problem, which is Iraq.

Let me, in my remaining time, touch on two other issues.

The first concerns what I'll call the New Russia—Russia in the Age of Putin—Russia as an “energy superpower.” That phrase has been used in the recent past by some Russians because it helps them cope with what they feel they lost with the end of the USSR. Under the hammer-and-sickle, the Soviet Union was—or tried to be—an autarkic superstate with a defining ideology that was totalitarian in nature and expansionist in aspiration. Today Russia is a resurgent nation-state with a chip on its shoulder, a bundle of petrodollars in its pockets, and the whip hand of being a major gas supplier. The Russians are trying to leverage their oil and gas wealth into both economic and political power. To paraphrase Clausewitz, they are treating international commerce in energy as politics by other means.

Our strategy should, of course, include opposition to Russia's use of its giant energy resources and companies as instruments for exerting state power—but it should not be confined solely to defensive and punitive measures. Our strategy should also entail engaging Russia commercially and financially in a way that underscores the tangible rewards of doing business according to international norms. Through a combination of incentives and disincentives, we should encourage those enterprises in Russia that are prepared to expand into the wider world on the basis of transparency and equitable rules—permitting them to share in the markets of the industrial democracies—while at the same time rebuffing those that represent Russia's use of its energy clout for zero/sum geopolitical purposes. For this to work, of course, Russia has to treat international investors in Russia the same way Russians are treated abroad.

To illustrate the two sides of this proposition, I would contrast Lukoil, which owns a gas station at the corner of 28th and Pennsylvania, and Gazprom, which keeps picking fights with Russia's neighbors.

Lukoil, thanks to its quiet but successful partnership with ConocoPhillips, is showing that a big, ambitious Russian energy company can meet a high standard of corporate governance, transparency, and compliance with other countries' laws—and thereby develop not only its domestic operations but expand internationally. If, in the near term, Lukoil succeeds, it is possible that, over the longer term, the power of example, combined with that of self-interest and a favorable bottom-line, may pull unwieldy behemoths, perhaps even including Gazprom itself, in a more sensible direction.

In this connection, it is important for the U.S. to encourage all parties involved to bring about Russia's final accession to the World Trade Organization. Membership in the WTO will require Russia to meet the obligations it has undertaken in its bilateral and multilateral agreements. That goal fits with what should be our overall, long-term strategy of inducing Russia to accept the terms and standards of the international community.

Finally, Mr. Chairman, I wish to touch on a subject that, like Russia itself, has, in recent years, tended to get short shrift in Washington policy circles—not least because it is a subject many of us in this room associated with the Old Russia and a period now mercifully behind us. That subject is nuclear arms control. In fact, it is a subject for today and tomorrow—or at least it had better be.

While Russia claims to be an energy superpower, it is definitely still a nuclear superpower: it possesses about 15,000 nuclear weapons (including stockpiled ones), compared to approximately 10,000 in the U.S. arsenal (France is a distant third, with about 350 warheads).

Jointly regulating the size, nature and deployment of those weapons used to be the principal business of U.S.-Soviet relations and, for a while, it remained very much on the agenda of U.S.-Russian relations as well. It was essential to avoiding a global thermonuclear war. The edifice of treaties and agreements whereby we and the USSR kept the nuclear peace constitutes a valuable legacy of the cold war, an otherwise grim, dangerous, frightening, and unlamented period that has passed into history.

That legacy, however, is in jeopardy. Arms control is in danger of passing into history as well—and that state of affairs is potentially tragic and perilous. It arises because of the breakdown in recent years of the strategic arms control process. The Anti-Ballistic Missile Treaty—which was an integral and supposedly permanent part of the SALT I agreements signed by Richard Nixon in 1971—is now a dead letter. President Bush made it so when he withdrew from the treaty in 2002. The same fate could await the Strategic Arms Reduction Talks, which were initiated by Ronald Reagan, and produced a START I treaty in 1991 that was signed by the first President Bush. (Just last week, in compliance with START, Russia dismantled nine ICBMs, bringing the total number of Russian missiles destroyed this year to 36.) That treaty expires in 2009, the year after next, and with it, all provisions for mutual inspection and accountability will also disappear.

The Bush administration has essentially set the START process aside and chosen to rely instead on the so-called Moscow Treaty of 2002. That accord is little more than a MOU; it claims to keep alive the goal of strategic offensive reductions—but not very credibly, for it fails to deal with the details where the devil of arms control reside; and it repudiates many of the key features of effective arms control as practiced by seven previous administrations.

The combination of the current administration's withdrawal from the ABM treaty, its abandonment of START, and its endorsement of the Senate's refusal, eight years ago, to ratify the Comprehensive Test Ban Treaty (which Russia ratified in 2000) has had two dangerous consequences.

First, it has given the Russians a pretext to threaten to pull out of the Intermediate-Range Nuclear Forces agreement and the Conventional Forces in Europe agreement. To put it bluntly, Mr. Chairman, by nullifying or gutting arms-control and nonproliferation treaties the current administration does not like, we've set a bad example that the Russians are following with ones they don't like.

Second, the U.S. and Russia share an obligation under Article VI of the Nuclear Nonproliferation Treaty to keep reducing and ultimately eliminate their nuclear arsenals. The NPT is in terrible shape for many reasons, but having the two principal nuclear-weapons state failing to comply with one of its key provisions is certainly one of them—and having one of those two states, our own, entertain the idea of large-scale national strategic defenses is another.

All that said, Mr. Chairman, I am going to conclude on a more upbeat note. I sense—once again, particularly in what we have been hearing from Secretaries Gates and Rice—that there are those in high levels of the administration who are giving serious thought to how to revive arms control, including in the critically important area of making sure that we don't stumble into an offense/defense spiral of the sort that Lyndon Johnson warned Aleksei Kosygin about in Glassboro, New Jersey, forty years ago—in 1967.

I hope I'm right about this. I'm not sure, in part because the signals out of the administration are mixed.

But I know for certain that here in Congress, there is indeed imaginative thinking about how to revitalize arms control and repair and strengthen the global nonproliferation regime. About three weeks ago, on October 8, Senator Lugar led a discussion on this subject at Brookings. It contained so much in the way of timely, carefully argued recommendations that I have included it in my submission today and ask that it be put in the record along with the written version of my testimony. I have no doubt there is such thinking in this Committee as well.

As was the case when we met to discuss Russia fourteen years ago, Mr. Chairman, the challenges we face from—and with—that country are of a magnitude, importance, and complexity that they require both parties, both branches of government, and allies on both sides of the Atlantic all working together, with some help, I hope, from those of us on think tank row.

Thank you.

Chairman LANTOS. Thank you very much, Ambassador Talbott. Dr. Piontkovsky?

**STATEMENT OF ANDREI PIONTKOVSKY, PH.D., VISITING
FELLOW, HUDSON INSTITUTE**

Mr. PIONTKOVSKY. Thank you very much, Mr. Chairman, for your invitation.

I agree with much of your analysis with a couple of reservations which I would like to make.

First with all my due respect to the first Russian President. I should note the many unpleasant features in Russian political and economic life that we are discussing today were generated during the Yeltsin period. I mean the Super Presidential Constitution of 1993, the system of crony capitalism and endemic corruption. And it is not incidental that Mr. Yeltsin transferred power to a trusted man from security services. His first concern at that moment was the protection from the accusation of corruption for him and his family.

The second point I would like to make is that, certainly, the direction of Russia's development for the last 8 years is moving to an authoritarian system. Mr. Putin inherited all these wrong features of the Yeltsin period and developed them, but still, I am not as pessimistic as you and as not fatalistic as the President of the United States, who recently noted that there was some basic authoritarian DNA in Russian political character. I think that we are still in this very dangerous transition period, and the case of freedom and democracy with Russia has not yet lost, and it depends, first of all, on Russian people and Russian democrats.

My personal case is a good illustration of this transitional state of our country. I am charged by the prosecution office with extremism for my political writing. These charges are preposterous. I am accused of inciting hatred for Russian, American and Jewish people, but I am still safe and well and traveling to and from Russia and back to the United States, and as a law-abiding citizen, giving evidence to prosecutors in Moscow. This is another side of the coin.

Following today's subject, Russia on the eve of election, let me present you a statement of Speaker of Russia Duma, Mr. Gryslor, Russian counterpart of Madam Pelosi. He said recently, "Parliament is not a place for political discussion." I think this remark illustrates the state of democracy in Russia better than dozens of articles denouncing authoritarian tendency in Putin's Russia.

So I will not waste this very limited time for an introductory remark on the analysis of the Duma election. I will concentrate on what seems to be a key question, a question of Presidential election and, more importantly, the future of the institution of the President and what happens during this election and immediately after.

I agree with Strobe's analysis that, for a long time, Putin sincerely intended to leave his office, according to Russian Constitution that forbids the President from keeping his office more than two terms consecutively. That is a key word in the language of this article, "consecutively."

But the history of the authoritarian system teaches us that, in their genesis, there is a point after which the person in charge cannot leave his office without damaging consequences both for the system and himself. That is why most of the Soviet general secretaries died in their offices, and that is why, on the post-Soviet

space in Central Asia Republics, in Belarus, we already have Presidents for life. Unfortunately, it seems to me that the Russian political system reached this point, and the latest actions and statements of Mr. Putin demonstrate that he made this fatal decision to stay.

First of all, I will draw your attention to the events of September 12th and October 1st. I was in Moscow on September 12th, and on the morning of this day all-political class, all-political Moscow was expecting the appointment as a Prime Minister of the so-called "successor," a very close, a very loyal person to Mr. Putin, former Defense Minister Ivanov. This would be the first step in the combination of installing him as a future President. He was groomed to this role and was portrayed and sold to the public by TV.

This procedure of appointing a successor is very undemocratic, itself. But what happened on this day of March 1st was Putin appointed to the post of Prime Minister, absolutely unknown to the public, a person of advanced aged, absolutely incompetent in running the market economy. And the only virtue of this person was that he was very close to Mr. Putin in all the stages of his career, and he is maybe the only person whom Putin trusted completely.

This was already a very serious indication that Putin is planning to use the loophole in our Constitution produced by this word "consecutively." Because he can appoint Mr. Zubkov as his successor, this person will be elected the President of the Russian Federation in March, and in 3 or 4 months, quite naturally, he may resign on the reason of health, and Putin can run for the new election already, not breaking the Constitution formally, certainly breaking its spirit but not breaking the law, because the Constitution tells the person cannot take this office more than two terms consecutively.

To me, this combination became absolutely clear after Putin's statement on October the 1st. He quite unexpectedly stated that maybe and very probably he may become a Prime Minister under the new President. Well, a lot of people discussed this scenario of a phony President for several months, and Putin's returning after a break of the election.

The discussion was, What would Mr. Putin do during this short period of 4 or 5 months during this transition of the presidency?, and nobody mentioned the post of Prime Minister because it is a very strange position for a person who is portrayed by his propaganda as "a father of the nation," a "spiritual leader," a kind of Iranian Ayatollah Khomeini, because it is a very subordinate role. He should each week go to the President with reports of current affairs. It is a boring job of a day-to-day running the country, certainly not for the "spiritual leader of the nation."

Why is Putin taking such position? One very simple reason: Because that is okay. In 4 months, Mr. Zubkov leaves the office, and according to the Constitution, new elections are scheduled in 3 months again, and Putin can run. But the question arises: Who will be the President of the country during these 3 months of election campaign? According to the Constitution, the person who is Prime Minister at the moment of the President's resignation. And Putin does not want to trust this position to somebody else, to introduce a third person in this combination.

So it seems to be certain that now Putin opted for this scenario of President for life. I am not sure 100 percent that exactly this combination will be used. Maybe, finally, he will break all of his previous promises, and during November, a process of changes in the Constitution will be introduced, and he will get right off running again without any sophisticated combinations.

But I am certain, absolutely, that he has opted for this scenario, and not because he is dictator by nature. As I note, I think he planned to leave, but the dynamics of this system, the laws of the totalitarian system, are such that, in leaving the office, the former boss becomes very vulnerable because he is not protected by the institution of civil society. Well, certainly, he now enjoys the complete reliability of the Russian political elite, but members of this elite who are licking his boots are licking not the boots of Vladimir Putin but the boots of the President of the Russian Federation. And if somebody else will become this President, well, they will be loyal to him.

Because there is no wonder, with Putin's personality, the secret of his popularity, not only among loyal elites but among the people. It is very simple, because it is not the popularity of Mr. Putin personally. Most of the people support the current state of affairs in Russia because, during the Yeltsin period, the oil price was \$9 per barrel; now it is \$90. Now, with this oil corruption and all of this tremendous enrichment of the elite group, it is enough money to barely just pay people regularly, but this was not the case under Yeltsin.

Ambassador Talbott touched on some issues of foreign policy. Let me make some remarks, introductory remarks, on this issue also. I am sure that we will discuss it more fully during the questioning session.

I do not completely agree with Strobe that Russian foreign policy inevitably would be very much anti-Western and anti-American under any President after Yeltsin. Well, look at 2001–2002. In this period, Russia and the United States were, in fact, military allies during the Afghanistan operation, and Mr. Putin's policy was very reasonable. It was not anti-American or pro-American. It was very strongly pro-Russian, and I supported him very much during this period for what he did in 2001, by supporting the American operation in Afghanistan and in providing the United States—not providing, but not objecting to having military bases in Central Asia.

For the first time in Russian military history, he solved a very huge security problem, not losing one soldier by somebody else's hands, by American hands. There was very real danger after the assassination of General Masud, there was a very real danger of moving Islamic radical into Central Asia. And America's coalition eliminated it, not because of charity to Russia but because of coinciding our strategic interests.

It is my firm conviction that, in the 21st century, our strategic and political interests coincide rather than contradict each other in most of the areas of the world, because we face the same existential challenges—radical Islam and rising China. And this was demonstrated very efficiently during this period 2001–2002, and it was demonstrated by Putin, himself.

Well, what happened then? Why do we witness now such a very aggressive, anti-Western/anti-American push of Russian policy, which contradicts Russia's national interest? For example, Putin is trying to push out American bases from Central Asia, undermining the Coalition operation in Afghanistan. And the Coalition mission might collapse any day and any month, and then we shall face the same very serious threat to our security which Putin masterly eliminated in 2003. The anti-American obsession has taken precedence and has prevailed over the Russian security interests, and let me briefly give you three reasons of this phenomenon, in my opinion.

The first is—but, well, first, let me remind you that Putin made his decision——

Chairman LANTOS. If you will allow me, Dr. Piontkovsky, we are all fascinated by your comments, but my colleagues are anxious to ask questions, and we will have to bring the hearing to a close by noon. So, if you could wrap up in a minute——

Mr. PIONTKOVSKY. Give me an opportunity to develop this point when answering questions.

[The prepared statement of Mr. Piontkovsky follows:]

PREPARED STATEMENT OF ANDREI PIONTKOVSKY, PH.D., VISITING FELLOW, HUDSON INSTITUTE

I. KREMLIN

The nature of the conflict over Putin's successor has not changed in the slightest in the past two years. The Successor-2008 problem is quite different from the Successor-2000 problem.

In 2000 the successor had to be marketed to an electorate 100 million strong. We all remember what a huge firework display was required, involving Basaev's raid on Dagestan and the blowing up of apartment blocks in Moscow.

In 2008 there will be no need to market the successor to anyone. The electorate has been satisfactorily dealt with and will now swallow anything. In any case, nobody is going to ask its opinion.

All that is required is for Putin to reach agreement with the inner circle of his entourage, five or ten of the boyz of the Petersburg Brigade. This is where the problems begin.

The conflict is already spilling out of Churchill's "riddle wrapped in a mystery inside an enigma," as the terrible truth becomes evident to Putin's cronies that he really does want to get out. In The Brigade, however, a certain equilibrium has been established and "The Chief" cannot simply give orders or make arrangements there, let alone appoint successors. He needs to negotiate the terms of his departure, if he can, with his business partners.

Most see his longing to get out as easily explicable in a still youthful and no doubt wealthy man: he does very much want for the next twenty years or so to be a kind of another Roman Abramovich. As a certain Russian billionaire irrefutably remarked, we Russians should, after all, be allowed to compensate ourselves for decades of tragedy and deprivation. This feeling is undoubtedly present in the psyche of the boy from the Petersburg communal apartment, but it is not by any means dominant.

Putin understands very well the pitiless laws of the system he has built up step by step over the past seven years. If he takes that final step of agreeing to a third term, he is accepting a life sentence. He will move into a new existential realm; he will enter that world of shadows from whose bourne no traveller returns. The darkness at noon of the Kremlin will engulf him forever. Not only will he never become a Roma, or Vova, Abramovich, he will never become anyone or anything again.

When Joseph Stalin lost, if he did, the argument on the agrarian question to Nikolai Bukharin in 1929, he could still, if he had so wished, have gone to work at the Institute of Red Professors teaching a course on "Marxism and the National Question" to students in the Workers' Faculty. Alternatively, he could have gone home to Georgia, cultivated a vineyard and made his own wine. So many things he could have done.

Only a few years passed before, as the ruler of one-sixth of the Earth, resigning his position would have been tantamount to standing up against the nearest wall in front of a firing squad. He had another twenty long years of that before his beloved comrades-in-arms found him where he had been lying unconscious on the floor in a pool of his own urine for twenty-four hours.

But let us return to our present-day hero. The more doggedly he tries to get out, the more they hate him; and the more desperately he wants to break free and never let these people hold sway over his life and destiny. Unfortunately, beyond the confines of his immediate entourage he has nobody. Beyond there is a scorched earth of his own making in which tens of thousands of "Our People," his "Nashi," are marching in T-shirts bearing his portrait.

His latest actions and statements (appointment of Mr. Zubkov as a Prime-Minister and his intention to become Prime-Minister himself) reveal beyond any doubt that he has taken a fatal decision—he is staying as a de-facto President for life.

II. MUNICH

The attitude of the Russian political class to Europe, and to the West in general, over the latest three-four centuries has always been contradictory, hypersensitive, and extremely emotional. The best Russian political text on the subject remains even today Alexander Blok's 1918 poem, *Scythians*, with its famous lines about Russia: 'She stares, she stares at you with hatred and with love' and 'We will turn our Asiatic snout towards you'.

Just as 300 years ago, and 200, and twenty, we know perfectly well that we cannot do without Western technology and investments, and that autarky and an Iron Curtain spell economic and geopolitical disaster for Russia. We understand that Russian culture is an integral part of European culture.

And yet, the West seems to irritate us by the very fact of its existence. We see it as a psychological, informational, spiritual challenge. We are constantly trying to convince ourselves that the West is inherently hostile and malevolent towards Russia, because this flatters our vanity and helps to excuse our shortcomings and failures.

If you take any mainstream Russian publication and read the last hundred articles dealing with foreign policy matters, ninety-eight will be full of bitterness, complaints, irritation, poison and hostility towards the West. This despite the fact that most of the authors of those articles like to spend as much time as possible in Western capitals and Western resorts, keep their money in Western banks, and send their children to study in Western schools and universities.

As in the famous poem a passionate declaration of love for Europe turns, at the slightest doubt as to whether it is reciprocated, into a threatening, 'And if you won't, there's nothing we can lose, and we can answer you with treachery!'

What have '5,000 bayonets deployed in Bulgaria', three aeroplanes in Lithuania, Kosovo or the Jew-baiter of Iran to do with anything? The whole lot of them are mere opportunities for the manic-depressive Russian elite to check and re-check its endless love-hate relationship with the West. That existential Russian question, 'But do you respect me?' is in reality addressed, not to our latest drinking partner, but to the starry firmament in the West.

Last week that question was asked again at the Munich Conference on Security Policy in the latest spiritual striptease show put on by the latest Russian Patient. It doesn't matter what his name is: Ivanov, Petrov, Sidorov, Yeltsin, Primakov, Putin . . .

For some reason it is considered statesmanlike and patriotic to pout your lips and enumerate before various Western audiences the same old list of "grievances" about the unipolar world, the ABM treaty, the expansion of NATO, the creeping up of NATO, our encirclement by NATO.

Wake up, intellectual "heavyweights" of Russia. What world and what century are you living in?

Where now is that mammoth aggressive military machine of NATO you have so long been warning of? It truly has lumbered up to the sacred borders of the former Soviet Union, but not from the direction you expected. Indeed, my fear is that there it will meet its end, defending those borders from the advance of Islamic radicals. When to the ullulating of those fighting against "a unipolar world" NATO finally departs from Afghanistan and from history, the front of the Islamic revolution will cut through the countries of Central Asia. If we look a little further to the East, there too significant events are afoot.

"In September 2006 the Chinese People's Liberation Army conducted a ten-day military training exercise on an unprecedented scale in the Shenyang and Beijing Military Regions, the two most powerful of the seven Chinese MRs. These border

Russia, Shenyang confronting the Far East Military Region and Beijing the Siberian Military Region of the armed forces of the Russian Federation. In the course of the exercise, units of the Shenyang MR performed a 1,000 kilometre advance into the territory of the Beijing MR and engaged in a training battle with units of that Region.

The nature of the exercise tells us that it is in preparation for war with Russia and, moreover, that what is being planned is not defense but attack. Against Taiwan this scenario makes no sense. Deep invasive operations are being worked out on dry land, in a region of steppes and mountains. The lie of the land in the region where the exercises were held is similar to that of the Trans-Baikal region, and 1,000 kilometers is precisely the distance from the Russo-Chinese border along the river Argun to Baikal." ("Greetings from China," *Izvestiya*, 12 February 2007.)

But who is bothered about all that in our little psychiatric hospital? It is far more fun to go on about the usual grievances: bayonets in Bulgaria, russophobes in Courchevel, calumniators of Russia in Scotland Yard. So, there we have it. In the not too distant future the centuries-old, tortuous psychological relationship between this patient and the West may finally be much simplified. No longer will anybody need to attend psychoanalytical conferences in Munich or turn their special Asiatic snout towards anyone there. Russia's Asiatic streak will be only to clear for all to see.

III. WILL THE 2008 G8 SUMMIT BE THE LAST ONE?

Many commentators, myself included, have noted that Vladimir Putin is regularly pulling off a striking personal propaganda coup at the G-8 summits. But what about the present state of that institution, and the G-8's future?

The G-8 (formerly the G-7 and G-6) arose in the 1970s after the oil crisis, also caused by events in the Middle East, as a kind of Politburo of the West, a club for the leaders of countries with a shared geopolitical vision of the world, shared values and a shared historical destiny. The club became the antithesis of the Security Council, which was a propaganda platform for rivals and antagonists during the Cold War.

It was a club where it was possible to work out, in a businesslike manner in an intimate circle, a common strategy for the West in world politics, primarily in economic sphere.

Post-Soviet Russia was accepted into this club, despite its relatively modest economic weight, as a geopolitical ally that felt it belonged to the Greater West.

Economically, Russia today is far closer, at least in terms of her energy resources, to enjoying G-8 status. The problem is, however, that (as Russia's leaders proclaim ever more loudly and unambiguously) she no longer considers herself part of the West. Indeed, as in the good old days of the USSR, she sees the West as a rival and a threat. In his this year Victory Day speech Mr.V.Putin even compared USA with the Third Reich.

The upshot is that the G-8 ceases to be a club of like-minded partners, while falling short of being a global economic council, since such giants as India and China are absent from it.

This totally undermines the institution's ability to function effectively, and that gives rise to an atmosphere of awkwardness and unease, which developed into the kind of more and more evident mutual irritation.

The solution is not far to seek. Two functions of the G-8, neither of which it is currently performing satisfactorily, need to be separated.

The G-8 should expand to 10 or 12 members (China, India, Brazil . . .) and become a fully fledged Board of Directors of the global economy. Russia, which has recently taken to calling itself an energy superpower, would be wholly entitled member of this board.

Putin's Russia is insistent at the same time that it is not a part of the West and is still fantasizing about Eurasianism and its own special path. Accordingly, the West needs as a matter of urgency to set up its own mini-Politburo. Whether that should be the old G-7 or a triangle of the USA, the European Community and Japan is not for us to say.

What is indisputable is that today the West faces challenges and threats on an unprecedented scale and urgently needs to come up with a unified strategy to cope with them.

I believe that Russia is, in fact, both geopolitically and in terms of her civilization, a part of the West, and that this is dramatically underlined by the fact that these challenges and threats are targeted also against my country. That is not how today's my country leaders see it. They are persuaded that "behind the backs of Islamic terrorists stand more powerful and dangerous traditional enemies of Russia." The

Kremlin propagandists go on 24 hours a day on our state-controlled television about the threat to Russia whipping up anti-Western hysteria.

Given this state of affairs, it is naive and foolish of the West to continue pretending we are all members of the same club and trying to work out a joint strategy with Putin. Today Putin is playing on the other side, and no longer makes any bones about it.

However Putins come and Putins go but Russia remains, and in the long term the West needs an alliance with her, just as Russia needs an alliance with the West.

One of the most important tasks of the Western Politburo, then, will be to find a modus vivendi with an openly non-Western Putinist Russia. While harboring no illusions, the West should try not to allow relations to deteriorate further, to seek out the points of contact which do remain, and to patiently wait.

To wait for the real interests of Russia's national security to be accorded priority over the complexes, myths, and commercial interests of the ruling cliques, as will inevitably happen. Let us hope it does not happen too late, both for the West and for Russia.

Chairman LANTOS. Well, I want to thank both of our distinguished witnesses for extraordinary presentations. My comments about this being an academic setting for today were not misplaced.

We will begin the questioning by Ms. Ileana Ros-Lehtinen.

Ms. ROS-LEHTINEN. You are a real gentleman. Thank you so much, Mr. Chairman.

Thank you for excellent testimony.

I wanted to focus on the Russian policy toward the Middle East. It is of great concern to us what Putin's plans are. If you could comment on the motivation of Russia's Middle East policy, particularly its relatively warm treatment of Iran and the Hamas-controlled Palestinian Authority. What does Russia perceive as its interest in that region?

In following up on that, we have had a lot of reports about Russia's increased military, economic and political involvement in the area. And Putin then visited Iran, which, of course, has a lot to do with Middle East policy. It was the first visit by a Russian leader to that country in over 6 decades.

What is Putin after in the Middle East? How will those objectives impact our major regional issues like the Iranian nuclear crisis and the Israeli-Palestinian conflict?

Related to that, if I could, I will just add one more question about Syria. Russia is expanding its relationship with Syria, including plans to once again operate ports for Russia's naval bases in that country. There are reports that Russia is building an air defense system for Syria.

How would this impact the balance of power in the region?

Thank you, Mr. Chairman.

Chairman LANTOS. Ambassador Talbott?

Mr. TALBOTT. I am sure Dr. Piontkovsky will have observations, too.

I would pick up on the fact that you focused on Iran and would venture three guesses as to what motivates Russian policy toward Iran.

First, as you know, historically, that relationship between Russia and Iran has been fraught and difficult. Russia welcomes, I think, the fact that the United States and Iran have fallen out with each other, to put it mildly, since the departure of the shah. But over the last 20 years, I have heard Russians on numerous occasions say, "Sooner or later, you and the Iranians are going to get back together. There will be a rapprochement. And we Russians want to

have a relationship with Iran that constitutes kind of an insurance policy," that, when that inevitable rapprochement between the United States and Iran comes about—something that they can imagine a little more easily than I can at the moment—they, the Russians, will still have influence in Tehran, which I think, among other things, explains the very unfortunate assistance that they have given to the Russians in the form of both nuclear technology and also ballistic missile technology.

Second, I think, in the current circumstance, they very much do not want to see a military conflict in Iran. And I would guess that, if we knew what went on behind closed doors between Mr. Putin and President Ahmadinejad during Putin's visit to Tehran, we would be able to discern an effort on Putin's part to tamp that situation down.

Third, I think that—and there is a contradiction, of course, as there often is in Russian policy here—Russia does not want to see Iran become a nuclear-weapon state. And I think we have to not only hope that that is true but do everything we can to induce more Russian cooperation with us in keeping that from being true.

Chairman LANTOS. Dr. Piontkovsky?

Mr. PIONTKOVSKY. To that list of possible reasons I would add one more: Oil. Today the people who rule Russia, they also own Russia. Eighty percent of Russian GDP is controlled by companies which chairmen of the board are members of Presidential administration. And these people are controlling financial flows of these companies, first of all, oil and gas companies. Everything in their life—state of economy of Russia, political stability of Russia, Russian position and power on the world scene, and last but not the least, their personal wealth—depends on one figure: The number of dollars for barrel of oil.

And these people in Kremlin are not going to repeat the mistake of Soviet Communist leaders to wait patiently for these oil prices downfall. They have enough leverage in the Middle East to try to keep this figure high.

Let's take this Iran nuclear problem issue. Certainly the Russians don't want Iranian nuclear bomb. Nobody in Kremlin wants Iranian nuclear bomb. By the way, Iran is the only state who has official territorial claim to Russia. China has unofficial claims, but Iran has official, part of surface of Caspian Sea. On the treaty with the Soviet Union they had 13 percent; now they demand 25.

But today's situation of tension around Iran I think amuses them, because it keeps oil prices very, very high. And as we watch it the recent days, every news about Iran move these prices up.

I agree with French President Sarkozy's assessment which was made a couple of weeks ago, that we face two potential catastrophes: One of them is Iran possessing nuclear bomb; another is preemptive military strike on Iran nuclear installations. Certainly if it is retaliatory strike, Iran will heed Saudi—well, oil prices will be \$200, maybe, maybe more.

Now, Moscow is blocking any substantial sanction resolution in Security Council. And as President Sarkozy justly noted, only serious sanctions can affect behavior of Iranian leaders and let us avoid both of these catastrophic scenarios.

I think that some people in Kremlin would be satisfied with one of these scenarios, because everybody understand for Israeli it is an existential question, and if this situation goes on sooner or later, and rather sooner—and latest Israeli attack on Syria proves it—Israeli will try to eliminate Iranian nuclear potential. And what any other state would do, what Russian state would do if President of some neighboring state demanded wiping out Russia from the map.

Well, what would be the result of this Israeli or Israeli and American strike from Moscow perspective? First, well, you have no Iranian nuclear bomb. Second, all the indignation of Muslim and the Arab world will be channeled again against Israel and United States. And third, the oil prices will be \$200 or more. All three consequences will be regarded as very beneficial by many people in Kremlin.

Ms. ROS-LEHTINEN. Thank you very much.

Thank you, gentlemen.

Thank you, Mr. Chairman.

Chairman LANTOS. Mr. Berman?

Mr. BERMAN. There are so many different areas to pursue. But if Putin is possessed by an anti-American obsession at the present time, we in Congress are obsessed with the Middle East. So if I could tap both of your expertise just for the follow-on to Ms. Ros-Lehtinen's question.

Since I think there is great agreement that Iran developing nuclear weapons and a strike against Iran are both catastrophic options. And the question of sanctions as a tool to change Iran's decision is perhaps the only other alternative, I conclude, Dr. Piontkovsky, from what you have said, that Russia sees it as a win-win-win. For them, the strike on Iran isn't such a catastrophic alternative.

And therefore, if you were both advisors to this administration—and I may be the only Democrat left who thinks, even this administration thinks, both alternatives are catastrophic and is part of why they are pushing the sanctions alternative—is there something that we could do to bring Russia on board with the sanctions strategy?

In other words, Ambassador Talbott, do you disagree with Russia's view of this and think there is something in our relationship with Russia, notwithstanding all the tension points, all the points of concern, the present Putin posture, is there something we could do in our bilateral relationship that brings Russia on board for an Iran strategy that focuses on a level of heightened sanctions that becomes so severe that pressures within Iran force a change in behavior?

Am I right in reading you as concluding there is nothing we can do vis-a-vis Russia to get that because they want the strike alternative?

Mr. TALBOTT. Mr. Berman, the short answer is yes. I not only think we can find common ground and common interest with Russia on this issue, I think that the Bush administration, in very close collaboration with our European colleagues, and particularly the E.U. Troika and Javier Solana, is doing that now.

I do not accept the proposition that Russia has an interest of any kind in a conflagration, whoever starts it, in Iran. Remember—and this issue has not come up yet in this conversation—that Russia is an extremely complicated country, demographically. It has a large and growing, at least culturally, Islamic population. It has a not-so-large and shrinking Slavic population. Slavic and Russian nationalism are on the rise. The word “Chechnya” has not come up in this discussion so far today; I should introduce it here. If there would be an explosion in the greater Middle East, Russia would, itself, suffer, and it would blow back into Russia.

That is one reason why I think we and the Russians, whatever our differences—and there are many, and we discussed them today—will, at the end of the day, come together with the United States and the E.U. And with China, I might add, to do everything possible to avert both the war scenario and also the Iran-goes-nuclear scenario. Why, in God’s name, would it be in the interest of Russia to have Iran, given how unpredictable its future is, be a nuclear-arms state? It has no interest in that.

Mr. BERMAN. And just to follow up in the little bit of time, can you throw out some advice for this administration, in terms of these different issues we have with Russia, that could reach this point sooner rather than later?

Mr. TALBOTT. Well, yes, since you invite me to do so.

One would be—my stop light just went on.

Mr. Berman. No, say your answer.

Chairman LANTOS. Finish your response.

Mr. TALBOTT. First, I think there is still some ambiguity—which, in this context, is not creative—on the question of whether the United States is considering not only the force option but the regime-change option. As long as we are hinting to another state that we may want to change its regime, we perversely increase the incentive of that state to hurry up and get a deterrent, to prevent us from changing that regime.

You know, when Kim Jong Il was watching the drama unfold in Iraq and the United States saying, with a crescendo in its voice, “We are going to change your regime before we let you have a nuclear weapon,” what did Kim Jong Il do? He tested a nuclear weapon. And I think the same dynamic could play out in Iran.

So I think we should make clear that we hope there will be regime change in Iran and we hope that the Iranian people will bring that regime change about. I also think that would help vis-a-vis what we are trying to do with the Russians and indeed others.

The second is that there are mixed signals, let’s say, coming out of the administration over how imminent the President, as Commander in Chief, may decide a decision is for him to use force. And I would say that the interplay between Washington and Tehran has gotten more complicated, and that is just in the last couple of weeks.

On the Iranian side, you have had either the firing or the resignation of Mr. Larijani, who was, relatively speaking, a moderating influence. He has stepped down as the chief negotiator on the nuclear issue. And his place has been taken by Mr. Jalili, who is apparently a virtual clone of Ahmadinejad’s. And that can’t be good

unless it means that Ahmadinejad and company are being isolated in some way.

And then, on the American side, you've had from the highest possible level, which is to say from the President and the Vice President, talk about steps we might have to take in order to avoid World War III. So I think that has raised concerns in Russia and in Europe that a decision may already have been taken in principle here in Washington. There needs to be more clarity about that.

Chairman LANTOS. Gentleman from California, Mr. Rohrabacher. Mr. ROHRABACHER. Thank you very much.

And let me just note before I get into what I want to get into here that I fully appreciate—and one of the reasons I am a fan of the chairman is that he is so committed to human rights and has provided us leadership on that, on human rights issues, and that I, no matter what I'm about to say, would agree with him on his concern about some of the human rights abuses that are very evident in Russia today.

But with that said, let me note the following. I just came back from California, where we have massive forest fires out there, just incredible forest fires. And I couldn't help but remember that, right after the fall of communism, the Russians invested heavily in creating a fleet of fire-fighting aircraft that could go anywhere in the world and fight fires, make money by doing it, which is exactly the type of thing we wanted them to do. And do you know that the Russian fire-fighting service has never been permitted to participate in putting out fires in the United States? The U.S. Forest Service has frozen them out all these years. We have a situation where Jackson-Vanik is still in place after all of these years.

And, you know, yes, there are reasons why we need to be concerned that there hasn't been—or there are different reforms in Russia. But, at the same time, we give most-favored-nation status to China, we complain about the fact that there is some evidence of repression beginning to emerge in Russia, while in China there are no opposition parties, there is no critical press in the street at all in China, there is no freedom of religion. It is the world's worst human rights abuser, yet we give them the most-favored-nation status, while we don't even give Jackson-Vanik relief from the Russians, given the fact that they actually look a lot better than China in all of those areas.

I would suggest that the Russians have every reason to be upset with the United States, since our activity—since the fall of communism. I would suggest there are some legitimate reasons the Russians would say to the United States, "Look, we were doing our part, and you acted arrogantly toward us. We invested in"—not just fire-fighting, but, for example, when we talk about why did the Russians go to Iran? Well, we didn't give their scientists any other options, did we?

I remember talking during the Clinton administration and during the early years of Bush administration, calling people up and saying, look, let's make some deals so the Russians can help them build nuclear reactors in Turkey or someplace else. Let's give them a carrot to go someplace else, rather than saying that, in the middle of their financial crisis, that they just have to refrain from tak-

ing advantage of an economic opportunity to build a reactor for Iran. I don't think that was realistic.

And while I agree with the chairman—and, Mr. Chairman, let me just note, we have worked on the issue of Kosova over the years together. No one is in stronger agreement with the chairman than on this issue of Kosova.

But at the same time, if we want the Russians to come along with us, and realizing that there is a conflict between our position there, in terms of philosophically, and what we expect them to do in Georgia, where you have certain provinces that want to secede from Georgia, we want that to happen in Kosova, be we expect the Russians just to turn around on that?

I mean, look, the Russian Government needs to operate on what is best for them in the long run. And whether or not that means they are going to use their oil as leverage to make more profit for their society when oil is short—why would we expect them to do anything else? If Putin is a nationalist, he is not being motivated by a Communist ideology. We want him to be a nationalist and not a Communist ideologue who hates America.

In the long run, the Chinese threat and the threat of radical Islam will drive them toward us if we do the right thing. And what I am suggesting, Mr. Chairman, is we have not done the right thing and pushed the Russians in the wrong direction.

Please feel free to comment.

Chairman LANTOS. Well, not immediately, because we have a time squeeze. We have enough time at the moment to allow Mr. Sherman to ask his questions. Then we will briefly recess. And then we will ask our witnesses to answer both Mr. Rohrabacher's and Mr. Sherman's questions.

So it is your turn.

Mr. SHERMAN. Let me take my 5 minutes to build on the comments of the last two Members of Congress.

I won't spend my time condemning Putin. It has been done, and it is too easy. We have to recognize that most of our foreign policy establishment grew up in the Soviet era, strategizing on how to encircle, weaken and embarrass Russia, and old habits die hard. It is during the watch of our foreign policy establishment that bilateral relations, particularly on nuclear issues, have deteriorated. Russia's policy toward Iran is awful. And the Russian people now have lost support for America and liberal democracy.

Most importantly of all, we have refused the concept of linkage on the issue that is most important to American security, and that is the Iranian nuclear bomb. We have told Russia explicitly that their behavior in Iran will not affect our behavior on any issue that they care about. And so, whatever the factors are in the bilateral relationship between Iran and Russia, when Putin goes to Tehran, he has nothing to lose in his relationship with the United States.

We have done everything we can to create hostility with the Russian state. Jackson-Vanik was mentioned by Congressman Rohrabacher. Another issue is the constant tension in international law between self-determination on the one hand and territorial integrity on the other. With regard to the Transnistria region of Moldova, with regard to the Abkhazia region of Georgia, we sup-

port territorial integrity. With regard to the Kosova region of Serbia, we support self-determination.

Some would say we are inexplicably inconsistent. I would say we are very consistent, consistently anti-Russian, with regard to all three conflicts. Russia sees itself with NATO or United States bases being planned in half of the former Soviet Republics. We deny that Russia has any legitimate interest outside of its own territory, even in ethically akin or contiguous former republics.

The Vice President last year goes to Lithuania to condemn Russian human rights while ignoring the human rights of Russian-speaking Lithuanians. And while Russia spends millions of dollars to plant the flag at the North Pole, we spend tens of billions to do little more than plant our flag in Poland and the Czech Republic in the guise of putting a missile system.

We have financed an avoid-Russia-at-any-cost route for a Caspian Sea pipeline. We have lectured the former Communists in Moscow that it is illegal or at least wrong for them to sell their natural gas or demand a market price for their natural gas.

And we have declared that when Russia has a history of providing foreign aid to a country, it is somehow legally bound to continue that aid, even when it has a disagreement with the recipient government. Imagine anyone asserting in this committee that we have an obligation to continue aid if we disagree with a recipient government. We have taken the reflexively anti-Russian position.

Now, this would be very justified, a good policy, if we had linked Russia's policy on Iran with our policy on these other issues and they had spurned us, if this was our realization that Russia was alive with Islamofascism and was part of the enemy. But we have not gotten to that point. Although, I think our policy, if calibrated to achieve that point, could not have been better designed.

I hope that we seek an alliance with Russia against Islamic extremism, instead of acting as if there is already a broad anti-American alliance.

Chairman LANTOS. We will need to conclude at this point. The committee will stand in recess for the votes.

[Recess.]

Chairman LANTOS. Our witnesses have a plethora of questions hanging in mid-air.

So if we could begin with Ambassador Talbott, both of my colleagues raised a number of issues, and you are welcome to respond to any or all of them.

Mr. TALBOTT. Thank you, Mr. Chairman.

And if I could take care of one housekeeping detail, and I apologize for doing this late in the proceedings. I had wanted, when submitting my written testimony, also to ask your kindness in including in the record a document which represents some proposals that Senator Lugar made on the subject of United States-Russian arms control and nonproliferation initiatives at Brookings 3 weeks ago. So if I could formally ask you to include that in the record.

Chairman LANTOS. Without objection.

Mr. TALBOTT. I gather that is necessary, otherwise it won't happen.

Chairman LANTOS. That is correct. Without objection, it is a pleasure to include our good friend's comments from the Senate side.

[The information referred to follows:]

MATERIAL SUBMITTED FOR THE RECORD BY THE HONORABLE STROBE TALBOTT,
PRESIDENT, THE BROOKINGS INSTITUTION, FORMER DEPUTY SECRETARY OF STATE

A CONVERSATION ON RUSSIA WITH SENATOR RICHARD G. LUGAR (R-IND.)

Washington, D.C.
Monday, October 8, 2007

P R O C E E D I N G S

MR. TALBOTT: Good morning, everybody. I am Strobe Talbott, and I want to welcome all of you here today. Our guest today, Senator Dick Lugar, could and indeed I hope in due course will in the months and years to come address virtually any subject any of you can imagine on the subject of America's role in the world. He is as I think you all know the Ranking Republican on the Senate Foreign Relations Committee. He is Indiana's longest-serving Senator in history as a member of the Class of 1976. Last year, his fellow Hoosiers acknowledged or celebrated his thirtieth anniversary in the Senate by seeing to it that he was uncontested in his bid for reelection, in this case seeking a sixth term in the Senate.

The last two times that Senator Lugar was good enough to come here to Brookings he spoke about the subject of energy security. He in many respects and on many issues is responsible for the world being a safer place than it might have been absent legislation that he has put forward and initiatives on which he has shown such leadership. I am thinking here particularly though not exclusively about the breakthrough progress that he working with a number of colleagues from both parties have been able to make in the general area of arms control and nuclear non-proliferation, and very specifically, he and others, but his name is associated particularly with this effort, to see to the safe dismantlement of weapons of mass destruction in the former Soviet Union, and I suspect that that likely to come up during the course of today.

The subject today is to talk in a more focused way about the Russian Federation. And as I look around the room, I see many people who are truly experts on this subject, my colleague Hal Sonnenfeldt of course here at the Brookings Institution, there is a trio of former ambassadors in about the fourth row, Jim Collins, Dick Miles, Steve Pfeiffer, all of whom you know very well, Senator. In fact, it probably had something to do with their confirmation, and I'm sure they are still grateful to you for that.

He is going to talk to us more specifically about what we can do to keep the relationship between the United States and Russia, a relationship that has known better days, from deteriorating while both of our countries plunge deeper into an electoral process that will determine who is going to succeed President Bush and President Putin in the White House and in the Kremlin, respectively.

Before turning over to him, I would like to strike a personal note, not just on my own behalf, but also on behalf of my friend and colleague Carlos Pascual, the Vice President and Director of our Foreign Studies Program who is sitting next to Senator Lugar. U.S.-Russia relations, U.S. relations with that very large country that no longer exists, the Soviet Union, are subjects that Senator Lugar, Carlos, and I have been working on together for many, many years. I can say from my own time in the government, and I think Carlos would probably join me in this, that there is no wise counselor, no more constructive critic, and no more valuable supporter in the legislative branch of government or just about anywhere else than the gentleman who is about to address us now.

We live in a partisan town and we live in very partisan times, and this statesman of the Senate is a paragon of bipartisanship, a paragon of civility of discourse, and a leading thinker on what is best for the nation in the world. And whatever differences that may emerge in the discussion that he will have after he finishes speaking, I am sure there is general agreement that both the international interest depends very much on Russia moving in the direction of becoming a modern, normal country, integrated in the global economy, working with the United States to be part of the solution to the many problems that we face.

The order of battle this morning is that the Senator is going to offer some opening thoughts on how to put the relationship on track, and then he will be open to your

questions and a discussion with all of you until the stroke of noon. Senator, welcome, and the podium is yours.

(Applause.)

SENATOR LUGAR: Strobe, I am deeply indebted to you for such a very thoughtful and generous introduction. I am honored that you have invited me along with your colleagues at Brookings today, and you have invited such a distinguished group of people who will participate in our dialogue. I pay tribute to, and you have mentioned the ambassadors, the trio in a row, and Carlos in the front row, but each have been very generous hosts during our travels to Russia and Ukraine, as well as very good counselors and informants, and I am honored to be with all of you this morning.

Let me start by simply saying the relationship between Russia and the United States is more important for American interests and more complicated to manage than at any time since the end of the Cold War. The truth is that this is a period of considerable frustration and disappointment about our relationship in both Washington and Moscow. For many Americans, there is concern about an overconcentration of power at the top in Russia and how that power is being projected in dealing with the so-called near abroad. For Russians, there is a growing conviction that Americans really do not even try to understand how chaotic the last 15 years have been for Russia. In reality, we both need to get used to the fact that we need each other, that we need to be as energetic in expanding common ground as we have been lately in voicing our frustrations.

In fact, in our current fashion of mutual dissatisfaction, we are losing sight of what we have to gain by working together, and that risk will not likely recede over the next 14 months when the intersection of our two domestic political processes may produce more rhetoric than liked from either of us.

How do we put Russian-American relations on a more sustainable, long-term footing? In the next 14 months, both the United States and Russia will hold presidential elections and elect new leaders. While both presidents will be considered by many political pundits as "lame ducks," this last phase of the Putin and Bush presidencies offers an historic opportunity to renew and revitalize United States-Russian relations. Our presidents have an opportunity to give new direction to their bureaucracies and to lead our countries toward a stronger partnership. To many it will seem counterintuitive to make major policy pushes in the final months of the presidencies, but the strategic voices legitimized by Presidents Bush and Putin will shape the behavior and policies of successors for years to come.

The United States and Russia have a narrow window of opportunity to make significant progress on a number of important issues. Progress on global security initiatives will anchor bilateral relations amidst tensions and disagreements that are somewhat inevitable on energy dependence, Kosovo, Georgia, and many other topics. Secretaries Rice and Gates will travel to Moscow at the end of this week to meet with their Russian colleagues, the so-called Two-plus-Two Discussions. This visit provides the last best opportunity to lay the foundation for bold initiatives and to seize the high ground by establishing a legacy for Presidents Bush and Putin.

I strongly recommend that the secretaries and their Russian counterparts introduce a new package of initiatives. These initiatives relate to three bold security challenges. Number one, nonproliferation and nuclear energy partnership. Number two, progress in arms control. And number three, missile defense cooperation.

In the area of nonproliferation, first of all, we have made real progress. Even during moments of tension between our countries during the last 15 years, the Nunn-Lugar Program, our primary cooperative means to address proliferation and weapons of mass destruction, remained a constant. Both sides recognize the importance of this endeavor to our mutual security. The program has succeeded in convincing Ukraine, Belarus, Kazakhstan, to remove all of the nuclear weapons from those territories. In addition, it became the primary tool for which the United States works with Russia to safely destroy its massive nuclear, chemical, and biological warfare capacity. The fissile storage facility at Mayak is one of the largest projects undertaken by the Nunn-Lugar Program. The massive storage bunker provides safe and secure storage for up to 100 metric tons of plutonium taken from dismantled Russian nuclear warheads. Negotiations are underway to conclude a transparency agreement that will establish a process whereby select United States personnel acceptable to Russia can periodically inspect the facility and ensure it is being used for its intended purpose, storage of weapons-grade nuclear material. U.S. personnel would be able to make observations and take certain previously agreed measurements to create confidence in the materials stored in the facility.

In February 2007, the United States provided a new draft proposal to bridge the gap between the United States and Russia on this important issue. I was pleased to learn recently from officials at Ross Island, that Russia believes these negotia-

tions can be concluded by the end of the year. Such a success would demonstrate ongoing U.S.-Russian cooperation on nuclear security matters in particular, and the Nunn-Lugar Program in general. Four years ago, Presidents Bush and Putin agreed at their summit in Bratislava, Slovakia, to upgrade the safety and security at Russian nuclear warhead and material storage sites by the end of 2008. This was an important step forward. Together we have made tremendous progress, but we still have much work to do. It is important that Washington and Moscow reaffirm now their commitment to complete the site security work and reach agreement on how the improvements will be sustained in future years.

Equally important is the fact of the U.S.-Russian agreement to dispose of 34 metric tons of weapons-grade plutonium on each side. This proposal has been held up for a number of years over disagreements on its implementation. Now is the time to finalize a path forward, amend the existing agreement, and begin implementation. Progress on elimination of this former weapons material will send an important message to the international community that both countries are meeting their nuclear disarmament commitment under Article VI of the Nuclear Nonproliferation Treaty.

Together the United States and Russia should be sending the clear message that we are willing to go anywhere in pursuit of preventing the proliferation of weapons of mass destruction. We should not assume that we cannot forge cooperative nonproliferation programs with critical nations. The United States and Russia should be exploring how the Nunn-Lugar experience can be applied in North Korea. While difficult diplomatic work remains, we must be prepared to move forward quickly if respective governments affirm the so-called Disablement Steps agreed in the Six Power Talks. To the extent that North Korea permits the elimination of its weapons of mass destruction and their means of delivery, the Nunn-Lugar Program represents a readymade framework for beginning the weapons elimination process. Moscow and Washington have proven that former enemies can work together to achieve shared security benefits. Such a track record will be critical to a successful diplomatic process on the Korean Peninsula. In sum, the Nunn-Lugar Program still has important work to do with Russia and I strongly urge Secretaries Rice and Gates to make certain that they Mayak Transparency Agreement, warhead security, plutonium disposition, and joint efforts in North Korea, are at the top of the list of subjects to be discussed at the Two-plus-Two talks in Moscow.

On the area of nuclear energy, closely related to nonproliferation cooperation, is the need for joint efforts in the nuclear energy field. Many nuclear experts predict a coming surge in global demand for nuclear power which may provide a pretext for more nations to seek their own nuclear-enrichment facilities. The spread of this technology to additional states poses long-term risks. While the technology may be intended to produce reactor fuel, it can also produce materials for nuclear programs. The United States and Russia should formally continue joint efforts with the International Atomic Energy Agency and consultations with potential partners to develop an international nuclear fuel bank and a multilateral fuel assurances system. Such a system would ensure the countries who give up their enrichment and reprocessing programs have an assurance either bilateral, multilateral, or both, of nuclear reactor fuel at reasonable prices. Under such a regime, nations would be prohibited from using the guise of peaceful energy production to develop nuclear weapons. The United States and Russia can provide critical leadership in stopping the abuses to the core and intent of the NPT. For too long nations have used the template of nuclear energy to develop nuclear weapons. The nuclear fuel bank and assurance system concepts could give us an effective means to reverse that trend. To realize the full potential of these proposals, the Peaceful Nuclear Agreement or the "123 Agreement" negotiated by the United States and Russia must be finalized and signed by the President and sent to the Congress. When the agreement arrives in the Senate, it will certainly have my strong support.

There is a second area where progress is not only possible in the short-term but is in our mutual interests, and that is in arms control. The United States and Russia are engaged in negotiations on the fate of the START Treaty's verification regime which will expire in 2009. The Russian government has announced that the agreement should be legally binding. The United States on the other hand has argued for a politically binding agreement that is not reinforced by law. The U.S. position is similar to that adopted by the Bush administration in early rounds of discussions on the Moscow Treaty in 2003. I am hopeful that the administration will ultimately abandon anxieties about legally binding commitments as they did 4 years ago. Some argue that concluding a legally binding agreement suggests that the current bilateral relationship is the same as the U.S.-Soviet relationship. Unfortunately, this point does not provide a logical rationale for abandoning a legally binding START Treaty. If both sides agree that it is necessary to have some type of

verification arrangement in place, why not provide them with the force of law? The predictability and confidence provided by a treaty and an effective verification regime will reduce the chances of misinterpretation, miscalculation, and error.

I appreciate the view that the Moscow Treaty was a first step in formalizing a new strategic relationship between the two countries based on transparency and confidence-building measures. We must not forget that this new concept was buttressed by the START Treaty's verification regime. In other words, the conceptual underpinning of the Moscow Treaty depends upon something which is about to expire. The selective discarding of the START Treaty elements in order to arrive at less-stringent post-START transparency alternatives carries with it the seeds of greater distrust between the two sides. I am not opposed to new transparency measures, but the current Russian-American relationship is complicated enough without introducing greater elements of uncertainty into the nuclear relationship. The United States and Russia need to get on with the business of extending the START Treaty. Time is running out and the failure to extend START would be a significant setback to the NPT and the international community's view of the American-Russian commitment to meeting our obligations under Article VI of the NPT. This could lead to a further weakening of the nuclear nonproliferation regime which has already suffered significant damage in recent years. A shift in policies in both capitals will be necessary if we are to stop this sharp decline and to rebuild the regime.

After signing the Moscow Treaty, the United States and Russia committed to work closely together and negotiate additional transparency measures to accompany the treaty. Unfortunately, no progress has been made to date. This is missed opportunity that must be rectified. The Moscow Treaty created a Bilateral Implementation Commission as the primary forum for discussions on transparency and verification. A number of important proposals should be added to the committee's agenda to enhance confidence and help verify reductions of strategic systems including more detailed exchanges of information, visits to additional sites, and additional kinds of inspections. The two sides should also discuss the merits of an inspection regime that would seek to verify the actual number of warheads on each delivery system or permit inspections at storage sites to count weapons held in those locations. It was also hoped that the commission would be used to address nonstrategic, so-called tactical nuclear warheads. Many public reports suggest that Russia may have more than 12,000 of these systems. The administration testified in great detail on how this would be a topic of discussion and negotiation. Unfortunately, there has been no progress.

The START and Moscow treaties made important contributions to U.S. national security and I believe they can continue to make us safer. To accomplish this, the administration must reject the arguments from some that suggest that the U.S.-Russian relationship has moved beyond the need for legally binding treaties. While I wish this might be the case, nuclear weapons are too dangerous to leave to political machinations in Washington or Moscow. The extension of START and the establishment of transparency measures under the Moscow Treaty are the next steps to providing the international leadership necessary to address the threats posed by weapons of mass destruction.

Now a third topic, missile defense. Missile defense is an area where progress in the short-term is possible even though the issue is seen by many as a major source of the current malaise in the relationship. Concerns over the impact of a limited regional missile defense system in Central Europe directed at rogue states can evolve into productive discussions, over a more global approach to defenses against nuclear attacks. Henry Kissinger has suggested that President Putin's initiative to link NATO and Russian warning systems was one of those initiatives easy to disparage on technical grounds, but also one that allows us to, "imagine a genuinely global approach to the specter of nuclear proliferation which until now been treated largely through national policies." Kissinger continues, "If the countries involved link their strategies on the nonproliferation issue, a new framework for a host of other issues will come about."

I agree with former Secretary Kissinger. The Russian missile defense proposal provides an important strategic opening for further discussion and exploration. President Putin's proposal is not a new concept. In fact, it is surprisingly similar to the strategic vision that President Ronald Reagan laid out more than two decades ago. I am pleased that the administration is seriously studying Putin's offer on missile defense. While the utilization of former Soviet radar stations may or may not assist in tracking missiles fired from rogue states, sharing information gathered by U.S. and NATO systems to Russia and possibly linking radar and early warning systems would be useful in ensuring transparency and reaffirming our cooperative approach. General Oberling, head of the U.S. Missile Defense Agency has said, "The Russian proposals are things we should certainly pursue. The ideal future would be

that we have U.S. capabilities, we have NATO capabilities that marry up to U.S. capabilities, and we have Russian capabilities that marry up to U.S. and NATO capabilities as well.”

The United States and Russia should also consider the establishment of jointly manned radar facilities and exchanges of early warning data. They might also consider joint threat assessments, as well as undertake bilateral discussions on options for missile defense cooperation.

Lastly, we might consider placing Russian liaison officers at U.S. missile defense tracking sites in exchange for U.S. officers in Russian strategic command centers. The transparency gained from such steps would be useful in offering reassurances that these radars are not meant for spying on Russia.

During my recent trip to Russia, U.S. and Russian experts discussed the utility of installing missile defense in Eastern Europe in phases. They argue that this could well change the substance as well as the tenor of the U.S.-Russian discussions on missile defense. Further, I applaud General Oberling’s invitation to his Russian counterparts to observe missile defense tests in the United States. Missile defense cooperation could be conducted on a bilateral or multilateral through the NATO-Russia Council. Some have expressed skepticism in using NATO because of the need for unanimity under NATO rules, but such a view is shortsighted. It is difficult to believe that the United States will succeed in developing an effective missile defense system in Europe without the full support of NATO members. In many cases, this will require a good-faith effort to engage Russia. While securing broad support of time consuming and difficult, it is unlikely that a policy based upon avoiding those European capitals that oppose our plans, and Russia, will succeed at all. The 2008 NATO Summit in Bucharest provides an opportunity to build European support for the missile defense concept. Further, the NATO-Russia Council could serve as a forum for discussion and consultation on not only proliferation, but broader non-proliferation cooperation. It might organize threat assessments, research-and-development concepts, interoperable systems, and studies on joint capabilities and operations. To date, missile defense has been a divisive issue in U.S.-Russian relations and it has the potential to cause similar damage to U.S.-European relations. This does not have to continue. Experienced observers understand that the United States will need to build support in Europe for missile defense and that this will require patient diplomacy, the willingness to consider other options, opinions, and alternative timelines. Let me be clear that the United States must do whatever it must, including missile defense, to protect American lives, but in this case we must have cooperation from our allies, and U.S. policies must reflect that reality.

While the U.S.-Russian government-to-government relationship needs creative strategic thinking and a kick start, the commercial side of the bilateral relationship is moving in high gear and expanding significantly. Last year, U.S. exports to Russia increased by 20 percent to \$4.7 billion in a broad range of merchandise and service markets. Unfortunately, the merits and benefits of this expanding relationship remain unknown to many here in Washington.

The business community can be a valuable partner in improving U.S.-Russian relations. We should carefully consider the recommendations they are making. First, they argue accurately that the Jackson-Vanik economic legislation has long outlived its usefulness. The relic of the Cold War is no longer applicable to the modern Russian government and administration. For more than 8 years, Russia has satisfied the requirements of Jackson-Vanik by facilitating free immigration. Perhaps more importantly, the Jackson-Vanik amendment must be revoked if Russian membership in the World Trade Organization is to move forward. Granting permanent normal trade relations with improve confidence in the Russian investment climate and enhance economic relations between the United States and Russia. The two countries have concluded a bilateral agreement and work is currently underway on the Multilateral Draft Protocol of Accession for WTO. I support Russian accession to the WTO and urge both sides to ensure that these agreements contain provisions improving cooperation in the areas of piracy, counterfeiting, border control, protection of pharmaceutical test data, and intellectual property rights. I urge Secretaries Rice and Gates to inform their Russian counterparts that when the WTO multilateral negotiation process is complete and these important provisions are secured, that President Bush will send it to Congress for approval with the full strength of the White House behind it. They must work to convince both the House and the Senate that Russian membership in the WTO will further integrate Russia into the international rules-based trading system and help lock in reforms. Both represent important U.S. national strategic objectives.

There are no more effective ambassadors for democracy, rule of law, and American ideals than U.S. corporate leaders, and while governments will continue to play the critical role in relations, we must encourage and endorse the benefits that will

be gained from strong commercial ties and the important contributions they can make to United States-Russian relationships.

To conclude, the existence of neuralgic issues on both sides should not distract us from pursuing the means by which to manage them more adroitly so that priorities that make sense can be illuminated, and mechanisms through which to accomplish mutually positive ends can be identified. Presidents Bush and Putin have the opportunity to give new direction to their bureaucracies and to lead our countries toward a stronger partnership. If they are to succeed, Secretaries Rice and Gates must arrive in Moscow later this week with a forward-looking agenda aimed at constructing a package of agreements designed to make progress on nonproliferation, nuclear energy, arms control, and missile defense fronts. To arrive at such a package of agreements, the United States and Russia must entertain compromise. Refusal to seek common ground dooms the entire exercise to failure. I remain optimistic that we will summon the courage and the perseverance required to move our nations toward many mutual successes. I thank you very much.

(Applause.)

MR. TALBOTT: I am sure I speak for everybody here in expressing appreciation for the both breadth and depth that Senator Lugar brought to his presentation. And having alluded earlier to the composition of this group here today, I am quite confident that when we throw this discussion open to all of you which will be in a moment or so, you will have an opportunity to elaborate perhaps on some of the points that you made about the opportunities and obstacles in the general area of arms control and nonproliferation.

But if I might, Senator Lugar, I would like to begin the conversation with a much broader question that has to do with the political context of the relationship and indeed the political context of what is happening in Russia today. You and I going back many years have talked about the linkage between the way in which Russia handles itself in the larger world and the evolution of its own political system. Surely on the mind of everybody here is a concern about the direction of Russian politics.

You spoke about the presidential elections coming up in both countries. There is a pretty basic difference between those two elections. George W. Bush does not know who will succeed him. If Vladimir Putin has made up his mind as to who is going to succeed him, that person will succeed him. Millions of votes will be cast in Russia next year, but in a very real sense, one vote matters. Russia is, and I am speaking for myself now, less free than it was back when you and I were working when I was in a different capacity on this issue together. The society is less open, and Russia is exerting itself more strenuously and obtrusively against its neighboring states.

At the end of your remarks you said something about the role that the private sector can play in nudging Russia toward rule of law and democracy. Do you see ways in which the current administration here in the United States and its successor can also do more to help induce progress in that direction?

SENATOR LUGAR: I am certain the administration could do if the agenda that I have discussed comes about. My own view I suppose, and I derived this conversation with the—Bartov (?) who many of you know—candidate for election does not expect to be elected to the parliament because his party will not get to the level necessary to have representation, but a recent Aspen Institute conference in Berlin on Russia and the United States, he counseled that we must remember that for many Russians these times in this year or the last or so far are much better than they have been for many years in the past. I do not want to get into generalities about age groups or veterans or people in rural areas or so forth, and here in this room there are people who are traveling back and forth to Russia more frequently than I do, but they would say remember that a lot of people like this leadership of President Putin, that his approval ratings, depending upon how polls are taken in Russia, may be of the order of 60 to 70 percent plus approval, and that is pretty stout as we take a look at that political leaders in our country obtaining that kind of support.

Furthermore, they have a feeling that whatever may have been our idealism with movements toward enterprise, capitalism, toward private ownership in Russia and so forth, that mishandling of all of this led to the so-called robber barons, some of them pretty bad. They want somebody like President Putin who is fully a match for this sort of thing. Americans would argue that Putin is not only a match for it, he may have incorporated into his own cabinet robber barons who are friendly, that the qualification for participating in Russia in politics or business is that you do not challenge President Putin or those in authority, but learn to cooperate with them. That is very disagreeable for all of us as we take a look at what we had hoped would be a spread of democracy following the Cold War in Russia. In Eastern Europe, now in the Middle East, everywhere, that is not happening, and yet at the

same time a degree of stability, a degree of general prosperity for many Russians, and the prospect of much more, given the benefits of the oil riches and natural resources, the building up of huge reserves and repayment to the rest of the world, many Russians feel a sense of pride that we do not owe anybody anymore. They come to see you and they see me and the first thing they say is we are rich, we are rich, we do not really need you anymore. On the other hand, we would like to find out there are some ways we might deal with you to continue on the old relationships.

Maybe President Bush can whisper to his fellow president that you really would be better off, Vladimir, if you really moved a little bit toward democracy, if you lightened up and so forth, but that advice might not be taken if President Putin is in fact thinking about becoming Prime Minister, thinking about conceivably changing the aspects of the Constitution of Russia, so that the authority shifts more toward whoever is Prime Minister and less toward who is President. It is a phenomenon witnessed in Ukraine nearby in recent times, and this was a total surprise that Putin would suspect that he would be at the top of the list and carrying in a whole raft of new people or old people as the case may be on his list but have control. This may be something for our presidents to gossip about, but I do not see in the timeframe that we were talking about today a vast change in that kind of relationship based upon democratic impulses. I see a degree of acceptance of the lay of the land is now.

MR. TALBOTT: Thank you, Senator. Over to you. Yes, the lady right here. If you will wait for just a second for a microphone, and please identify yourself and try to be as concise as possible in your question.

QUESTION: (inaudible) Voice of America. I have two questions about Ukraine, actually. Russians often say that they couldn't imagine Russia without Ukraine. I would like to ask you how would you assess the outcome of the Ukrainian election and their influence on the region.

And a second question about energy. The Russian government often used Russian energy resources as a tool in their political games. What would be your suggestion to countries like Ukraine and Georgia in dealing with their energy dependence issues? Thank you.

SENATOR LUGAR: On the interpretation of the Ukrainian election, I suppose I am one who still wants to see the final results. I understand there may still be some challenges by Mr. Yanukovich and his party maybe to see if the socialists can get up to 3 percent and thus have some people in the parliament. If not, why of course that sort of settles some issues if there are not disputes. But it is a very narrow margin for Ms. Tymoshenko and President Yushchenko, maybe 2, 3, or 4 votes as I understand it, and then it has to sort of settle down to begin with. Settle down will have to be the word for Prime Minister Yanukovich in terms of rallies and suggestions that they might occupy the same prominent square in Kiev that the Orange folks occupied last time. But let's say we get through this. Then speculation will be what will be the relationship between Yulia Tymoshenko and President Yushchenko? Obviously, a very disparate number of voters in their two parties, with Yulia getting about 30 percent of the vote, and President Yushchenko's vote may be in the neighborhood of 15 to 16 percent. And it was already a difficult relationship, although apparently there have been vows to let bygones be bygones to try to move ahead, but this is going to take a little bit of time I suspect, and some good luck for all of that to occur.

In the meanwhile as we have noticed, Russia, 2 days after the election results were first broached, indicated that Ukraine has a huge energy debt. Off the top of my head, I think he said a billion, three-hundred-million dollars that should be paid immediately. So we are sort of back to a couple of winters ago in which this kind of demand was made and Russia said we are just now pricing oil and natural gas in a world market way, not with preference to the former states in the former Soviet Union. Whatever it was, Prime Minister Yanukovich in his diplomacy with Russians has soothed the path a bit for Ukraine and some would say that the Russians were making a statement that if in fact we are not going to have Yanukovich to deal with anymore, this is a different ballgame and we want our money now. I noticed that about 2 days after this bill was served that the government of Yanukovich sent emissaries to Moscow to think about this again with the thought that we could do business. Maybe the new group coming in is a different story.

What it leads to with regard to energy policy generally, I had the privilege of speaking at the Riga Summit last year of NATO and simply drawing to the attention of NATO threats, that not something Ukraine or Belarus had had similar bills coming in recently, or the Baltic States under very great pressure, but Hungarians who are 80 percent dependent we are told on Russian natural gas, the Poles 60 percent, the Germans 40 percent, that it might be that aggression in the future could

occur through somebody turning off the tap which oversimplifies the withholding the energy resources. You need not send planes and tanks and so forth, and troops; somebody could disable a country by eliminating its supply of energy at a critical time.

After the speech, NATO friends came up and said you are right, but this is too serious to talk about publicly. This is the kind of thing that we almost have to in an existential way deal behind the barn, so to speak, one on one or in some other relationship. In fact, there has been some movement by NATO to think about reserves, to think about how the energy processes can be organized, realizing that, after all, Russians would like to have steady customers, good prices. They are becoming rich as this goes on and to disrupt this is not in their interests. But also to take away the edge of a strategic use of energy resources to gain a particular foothold in a country or to ruin it, to punish it, to indicate to others what will happen to them, if they are not amenable. I think it is a very, very serious issues and it is one our government has taken as a point of first importance, but without making great headway. We have the Baku-Ceyhan pipeline coming through Tbilisi, sometimes called the Baku-Tbilisi-Ceyhan pipeline, but we have not been able to convince Kazakhstan to send resources through that pipeline as opposed through the Russian route. Work is going on with Turkmenistan now to see if perhaps that they might go both ways. But this is critical to not only Ukraine, but to Europeans, and critical once again that there be more of a meshing of gears of Ukraine with Europeans even absent progress on E.U. and quite apart from NATO membership.

MR. TALBOTT: Jim?

MR. COLLINS: Jim Collins, Senator. You mentioned the 123 Agreement which I do happen to agree is probably the biggest opportunity we may have in opening the future. But there are plenty of rumors at least in this town that issues like Iran or other ancillary issues vis-a-vis U.S.-Russia relations will cause real problems for that if it is sent up to the Hill, and I would like your thoughts on that.

SENATOR LUGAR: I share anxiety that both the Hill and the administration may have some problem dealing with 123 and Iran simultaneously. At the same time, it is so much in our interests, there are so many Russians interested in the subject, that I was proposing that leaving aside the fact that perhaps the Two-plus-Two cannot deal effectively with Kosovo, for example, right now, or with the energy issues we just touched upon, that the 123 has been out there for a while, it is something that is in both of our interests, so even given congressional problems, that will be true of almost anything that comes from the leadership at this point. It is going to require very effective not only lobbying but a lot of consultation, a lot of spade work by administration people coming back from this Two-plus-Two to inform everybody what the opportunities are.

I see however a desire on the part of many members in the Senate to try to come to some agreements that are constructive at this point. This has not been a good year in terms of this type of situation, and I see within the Foreign Relations Committee with Chairman Biden and with others a desire to forge some times on some agenda, but there has not been much coming over from the administration to work with. So without making everybody unhappy, I am just suggesting that this is a pretty good opportunity. It is a high-profile meeting, there are some items here on this agenda that are not new for Russians or for us, and so this may be an opportunity to move on both counts. I think it is important because whether President Putin continues in leadership wherever he may be next year, we are going to have a change in government. We are going to have a new president, a new cabinet, confirmation processes for Secretaries of State and Defense and whatever, so that new policy changes could be postponed by 3 months, 6 months, whatever it takes for everybody to get seated, quite apart from changes in the Congress with people retiring or new leaders on the committees and so forth. So this is important now for us to get our act together for a few months or time to do some things that I think are on an agenda that although are not agreed upon, at least has been pretty thoroughly vetted in the past.

MR. TALBOTT: Senator, since you mentioned Kosovo in passing, maybe in the context of your answer to Jim's question you could come back to that and elaborate a little bit. Kosovo was not only the source of violent instability in the Balkans, but a very, very dangerous tension between the United States and Russia in the 1990s. We and the Russian government are very much at loggerheads over the question of the ultimate status of Kosovo now. What is your estimation on the prospect of some sort of resolution of the U.S.-Russian position on that issue? And if there is not such a resolution, how concerned are you about a resumption of violence in the Balkans?

SENATOR LUGAR: I think, separating the two questions, I am not optimistic that the Russians are going to come to a different view on Kosovo within this frame-

work of the 14 months we are talking about, maybe in due course, but even then I think it is unlikely. So the question may very well be the degree to which Russia is accepting of European leadership in the Balkans. That is speculative. The Russians may decide they need to indicate once gain how strongly they feel about Kosovo. But on the other hands, one of the reasons for getting an agenda such as the one we are discussing this morning underway is that the Russians may need to weigh interests that are vital to them and their future and their relationship with us in some other areas in which we do not talk about Kosovo head on, but the United States and others work with European nations who originally had hoped that they would be able to resolve the Balkans issue, and as you know from your experience, found that they were not going to be able to and called upon us to come in in a very large way to help out. So that is about the best I can do in terms of speculation for the next few months.

QUESTION: (inaudible) Voice of America. The secretary asked the first part of the question and the second is mine. Is it likely that Kosovo's status will be hostage in the framework of all the issues that you discussed?

SENATOR LUGAR: No, I do not think it is likely that Kosovo will be hostage with regard to these issues. I think Kosovo is going to be decided on a separate track.

MR. MITCHELL: Senator, Gary Mitchell from "The Mitchell Report." No one has thought more about America's foreign policy interests and national security interests than you. Thinking ahead to that election of a forty-fourth president no matter who it is, I would guess you are going to be among the first phone calls that they will make to talk about what you see as that foreign policy and national security agenda moving forward.

To the extent that it is possible to sort of give some rank order, I am interested to know where you put this cluster of issues, this package that you talked about this morning. Where does that fall on the top priorities in foreign policy and national security? And what are the other issues that you would place at or near the top around the issue that you have expounded on this morning?

SENATOR LUGAR: I think the issues that I talked about this morning are very important because they affect our bilateral relationship with Russia, and I think Russia is very important. I think we have to keep affirming that and understanding that. I would say that Russia, however, is important in several ways that have been touched upon. For example, the United States has a huge trade deficit and we have had for quite some time. We are fortunate that those who have taken dollars back to their reserve accounts have through either their central banks or controlled organizations and what have you by and large continued to purchase our treasury bonds or equivalent securities and have provided capital for our country at relatively low interest rates which undergird our growth and prosperity. We trust that it is in their best interests still to do that for the foreseeable future, and therefore I am not predicting that some day they come to a different view. However, the decline in the dollar leads to some thoughts in some capitals as to whether their portfolios might be better balanced. Those who advocate that have to take into consideration with the dollar falling the cashing in of the dollars at lower value is probably not in their interests, but this is not a very good way to keep holding people in your camp.

So I do not know what the savings propensity of the American people is likely to be in years to come. For the moment, it is very low and we have taken advantage of the savings of the Chinese and now occasionally of the Russians who have built up large situations. Recently people in countries have started talking about sovereign funds. These might be funds strategically used by governments such as China or Russia or whoever else is building up resources for the moment people are saying in a benign way, there is no reason why the government of Russia would not invest it in the same way as say the Harvard Endowment, looking for a high return, even in speculative hedge funds and so forth along the way. But what if President Putin or somebody else decided much like cutting off the oil, you can use sovereign funds for various situations? I do not want to get into something that really is sort of a three- or four-chapter answer, but I would just say the question of our reserves, our currency, our trade imbalances, our own internal deficit year by year, the lack of savings, and increasingly a sense of protectionism and isolationism which is reflected in many political polls that I see and perhaps you see. So that we believe that we can shut out some exports, shut out foreign workers, we have not resolved immigration issues, but these have become very controversial in our politics, these are disturbing problems on the international sense in some confluence.

I think secondly the whole issue of democracy, it is easy to criticize the fact that Iraq may or may not have been a good candidate for a democratic experiment and

that essentially the countries around are not leaping to get into the democratic camp. Some would say as a matter of fact, as we talked about President Putin, today his example has not been one which we are hopeful that others would follow who have at least some semblance of a democratic institution base. The issues that are presented by Burma currently are very disturbing to many around the world who would say that it is not really clear whether the tide is moving toward freedom, democracy, expression, and so forth. Others would say hang on there, as a matter of fact the evidence and the list of candidates moving in other directions is very substantial. There is the total European experience which is very strong. Likewise, even if one is pessimistic about the past with Japan, South Korea, various other countries exemplify a lot of change. Perhaps even China as we look carefully there.

The jury is out, but somewhere in the realm of those issues, are we moving toward greater transparency in the world, greater opportunities for people, or as a matter of fact are the problems faced by developing nations rather overwhelming that leads to so-called strong governments to maintain whatever the progress is, or if things are not going well, strong governments simply refresh the people so they do not revolt? I would say that is a whole stream of issues for whoever inherits the presidency or whatever office, likewise for those of us in the Congress who have some relationship to think about this.

MR. TALBOTT: Steve Pfeiffer?

MR. PFEIFFER: Thank you, Senator. I think you outlined a very broad and very compelling vision for what might happen on Friday in Moscow in the Two-plus-Two talks, but I think it is also noticeably more ambitious than what we have heard so far either from the administration from the Kremlin. So looking at the next 14 months, my question would be with the Russians focused on what happens between now and in their elections in April and with Washington focused still first and foremost on Iraq and still being somewhat hesitant about more formalized arms control arrangements, could you comment a bit more on how realistic or how likely it is that those points on your agenda will be realized, or is this all going to simply slip back until 2009?

SENATOR LUGAR: Obviously, having given these remarks today, I am hopeful that something will happen in 2007 and 2008, but your question is well taken and not as a skeptic but as a realist about this. One reason why I am indebted to Strobe Talbott and Brookings for offering this platform today is that there are still a few days before Secretaries Rice and Gates go. It is not that they are waiting with bated breath for what we have to say today, this might be considered rather gratuitous and maybe untimely advice as you are packing your bags and you have lots on your mind.

On the other hand, this is serious. When I came back from the Russian trip this year, these were things that struck me as I took notes from our conversations with whether it was Foreign Minister Lavrov in a very elaborate scenario in which he was especially cordial. We were celebrating after all the two-hundredth anniversary of Russian-American relations, and in much more minor sense, the fifteenth anniversary of Nunn-Lugar and recognizing all of this. In the press conference and subsequently, made the point that Belarus was not getting nuclear again as has been suggested in the panel discussion the day before, and went out of his way to be reassuring in that respect which I thought was important.

Likewise, with the Ross Island people, Mr. Kirienko and Mr. Spaski who were largely responsible for the size and scope of the trip that Sam Nunn and I had this year with others who went with us, there was a desire it seemed to me clearly for a new agenda. Their clout within the Russian government is for all of us to speculate, but at the same time, before we took the trip we had had public-relations people from President Putin's office visit my office and others to be reassuring that this was not going to be an unhappy experience, not that we have had terribly unhappy ones before, I sort of flew over most of Russia the year before it was just inconvenient for me to visit as we were getting the word, and now this year it was very convenient and they came really with an offering of invitation.

So all I am saying is working on that momentum, fledging as it may be, seems very, very important given the timeframe of our elections, quite apart from what is going to happen in Russia, to move in this way. Otherwise I can see a year that will not be wasted, but it will be a year in which our campaign rhetoric just does not getting the weeds of these issues. It is not possible for a viable candidate to discuss in the detail that I am getting into today what might happen in the relationship without picking up all sorts of opponents in the primaries and the general election or in between. So as a result, broad generalities and sometimes ones that are rather unfriendly if you find people who do not like President Putin or the Russians or whatever, or feel they could be doing a whole lot more in Iran as they could. They have begun to do much more from time to time in the Six Power Talks with North

Korea which has been helpful. So I am optimistic, but that is the purpose of the speech today, to raise maybe to a slightly higher level this agenda.

MR. TALBOTT: Senator, I actually would like to pick up on one point that Steve just made and it has to do with the extent to which the preoccupation of both the executive and the legislative branches with Iraq may have had a preoccupying, distracting, and debilitating effect on our ability to attend to the whole panoply of issues before us. We have an expression in Washington that you know very well which is the urgent tends to drive out the merely very important. In stipulating that you are an exception to this, to what extent do you see as Iraq as having obscured our ability as a nation to do justice to the full array of issues that we face?

SENATOR LUGAR: It has simply obscured. I do not want to make the point that it is the only thing we talk about, but as a matter of fact it has been preoccupying the minds and hearts of the members of the legislature because this is what their constituents are interested in.

I do not have constituents who are likely to come up to me at an open meeting or even one with distinguished foreign policy people and ask about Russia, whatever happened to Russia, or if so, say we might include this among the list of things that we are ticking off, whatever happened to Latin America, or what is going on in Africa these days, or this sort of thing, but we are looking at Iraq.

Occasionally we are distracted happily by the thought we might be making progress with North Korea which is unexpected, but making no progress with Iran. So this leads to at least fears in journalism, and I hope that that is the extent of it, that before we finish this administration, we will be engaged in strikes against Iran or some type of activity of that variety. That does disturb my constituents a lot. So taking first things first, they are looking at ways in which their families may be involved as armed service members or supporting of that and specifically where they are likely to be engaged. Thank goodness they do not anticipate being engaged in Russia or in the newly independent states or so forth. This is not old history, but nevertheless, it is something that will sort of take care of itself. All I am saying today is it probably will not take care of itself. This is extremely important and even if your preoccupation is nonproliferation, period, Russia and the United States still have 90 to 95 percent of the problem, that is, whatever is left of nuclear, chemical, biological warfare ingredients. Therefore, the rest of the world needs to be preoccupied with how well have we secured all of this, what programs do we have for destroying it, are we aware of the aging of nuclear warheads and the chemistry occurs so that there is not an accidental blowup simply because we did not service the thing in time? When I have visited with Russians and gone into the caves where they have the warheads spaced out almost like a morgue like bodies with tabs on them as to when they were constructed, how they have been serviced, maybe some speculation as to when it would be prudent to move them out, because it takes time to disassemble a warhead, it takes a lot of people, and it is dangerous work. The need for us to be aware of all of that is important and this is one reason why programs like the Nunn-Lugar sort of trundle on even given the excesses of flows up and down or a general relationship because there is an existential fear that something terrible might occur in Russia, and we certainly have that fear in the neighborhoods out in Indiana where we are destroying chemical weapons by neutralization, the same process that will be used at Sucha out in Russia, there are fears by the general citizenry what happens if there is a fire or there is an atmospheric flurry. This is very serious business that these two countries that for whatever reason built up these extraordinary amounts, in the Russian case, 40,000 metric tons of chemical weapons, most of which have not been touched, maybe if they have gotten through 20 percent of it that overstates it, although the Chemical Weapons Convention says all of it by a certain date in the early part of the next decade.

MR. TALBOTT: Peter, I will come to you in a second, but first I wanted to pick up on something the Senator just said. There are people in our government and certainly in our scientific community here in the U.S. who are concerned about the aging of some of our own systems and would like us to maintain the option of resuming the testing of nuclear weapons.

SENATOR LUGAR: Yes.

MR. TALBOTT: What do you see as the prospect for a resurrection, if I can put it that way, of the ratification of the Comprehensive Test Ban Treaty?

SENATOR LUGAR: I think they are not good in large part because I have not seen a change in constituencies that debated this issue the last time. I could be wrong; it could be that the political changes in our own government in the 2008 election will be so sizable that we really have different members looking at the same situation than we had the last time around. And maybe there are other circumstances that may occur, for instance, from these conversations or negotiations that I am suggesting today that lead to a different framework, a different back-

ground. But if I am generally correct that people in our country have not been concerned greatly about the Russians quite apart from arms control treaties, this is really moving from a very slow start to get back into a situation in which you change a lot of public opinion, quite apart from the members of Congress who represent that.

MR. TALBOTT: Peter?

MR. SCHOETTLE: Peter Schoettle from Brookings. Thank you very much. You have given us some bold ideas that the executive branch, the administration, might take. My question to you is can you give us some insights into what the Congress could do either through sense of Congress resolutions or maybe through legislative language? A subset of that question is, in previous speeches you have made the point that sometimes the Congress acts with a sledgehammer such as killing, attempting to kill all aid assistance programs to Russia or the Soviet Union including Nunn-Lugar to get back at the Russians for some action. What might be done to avoid that kind of overreaction from Congress?

SENATOR LUGAR: I think it is very important that in both houses there be a very active schedule, maybe a more active schedule, of public hearings as well as private briefings in consultation with the administration. This is an area in which I do not colleague, Senator Biden, but he has been busy this year, and so has the next man along the line, Senator Dodd, and even Senator Obama has been very busy, and these are all members of the Foreign Relations Committee, very important people. They will not be busy in the same way perpetually. Another quarter of time is likely to bring everybody back around the table, but I think that is the sine qua non, if the relevant committees, Foreign Relations, Foreign Affairs in the House, the defense committees in both houses, the intelligence committees, other people who really have an agenda of international issues, security issues, if they are active, then it is very, very possible that some new ideas are going to come forward or some new sentiment, or even some public education of ourselves as well as those who watch our hearings on CSPAN and a broader group of you who follow it in the press.

There has not been much grist for the mill this year. We have touched upon the fact that Iraq has been preoccupying it, but if you took a look at the map of the world, there is not much illumination coming from the congressional committees. But that does not have to be forever. My hope would be that very soon that we have a pick-up of the pace even if it is the final year of an administration or the final year for many in Congress or so forth.

MR. TALBOTT: One last question from the floor and I think I will go to this day here, and then the Senator's schedule is going to require him to move along.

MS. LEVINAS: Thank you, Senator, Randi Levinas with the U.S.-Russia Business Council. I want to thank you for your comments on the other part of the relationship that is going very well which is the commercial relationship. Our members are doing very well in Russia and we welcome Russia entering the World Trade Organization. We too are looking for Russia to enter in on commercially meaningful terms, we want a strong agreement, and we are looking for congressional support and administration support, frankly, in that, and we are doing very well with the U.S. Trade Representative's office on that front.

In terms of Russia getting into the WTO, of course you know that Congress does not vote, I don't have a question, just a comment, on Russia getting into the WTO, but on PNTR, and we do look for your strong leadership on that issue as this goes forward. So I want to thank you very much.

SENATOR LUGAR: I will work very hard on that issue as well as the Jackson-Vanik issue that we mentioned earlier, and I think there is probably growing support for changes there. I do not want to overstate it. And given our parliamentary situation, tactical delays in the Senate can prevent things from happening for sometimes weeks or months, but there will come a time if you are patient in which these things are likely to come to the fore.

MR. TALBOTT: Patience is I think a theme in much of what you are exhorted us to. I think I can safely say while much that you have discussed with us today is in the realm of the unpredictable, one thing is absolutely certain, and that is knowing the way that Secretary Rice and Secretary Gates feel about you, they will pay very close attention to what you have had to say today. You have your own ways of making sure that they get a full report and so do we. All of us have benefited from this discussion immensely, Senator, we thank you, and we look forward to having you back at Brookings before too long.

SENATOR LUGAR: Thank you.

Mr. TALBOTT. And it also saves me having to expound on that subject myself, because I just agree with everything that Senator Lugar said.

So you would like me to say a word or two in response to Mr. Rohrabacher and Mr. Sherman, is that right?

Chairman LANTOS. Right.

Mr. TALBOTT. Well, much was said by both, much of which I agree with and some I would have a couple of issues with. But let me zero in on each case on basically one issue.

In response to Mr. Rohrabacher, I think that he is correct that we need to find ways that are both clear-headed and pragmatically justifiable to incentivize Russia to be a good citizen of the international community in all respects, including in the world of commerce.

Part of what is happening in Russia today is that, in sort of Clausewitzian terms, Russia is using energy commerce to conduct policy by other means. And that we must find ways of discouraging.

But I think there could be, in various sectors, including here in the Congress and the think-tank world and the executive branch and the private sector, a concerted effort to distinguish or differentiate between those Russian companies that are prepared to play by the rules—which means the rules of transparency, of sound corporate governance, of obedience both to Russian law and the letter and also the law of other countries—and to allow those countries to do business in the international market, in the Western market and in the American market.

And just for purposes of illustration, I would cite Lukoil, which has a partnership with ConocoPhillips—and, by the way, a gas station over on Pennsylvania Avenue just as you head over into Georgetown—as the kind of enterprise that should be encouraged.

The counter-example, of course, is Gazprom, which is unquestionably a behemoth, an extension of state power, and being used to muscle other countries in the region and also some of the countries represented by the ladies and gentlemen behind me here today.

And I am concerned about the rise of protectionism in America in our political debate in the year ahead. And I would hope that there would not be, along with that general phenomenon, a tendency to crack down or beat up in an indiscriminating way on Russian companies trying to do business here if they meet the test.

In response to Mr. Sherman, I would like to zero in on the issue of Kosova, which I know you and the committee have already devoted a lot of attention to, and quite rightly so. You know, we have been there and we have done that, Mr. Chairman. We had to go to war in order to stop genocide in Serbia, ethnic-cleansing against the Kosovar Albanians. And I can imagine a very unhappy outcome of the current suspense and drama playing out there. And there is no question, as you and others have said, that Russia is part of the problem.

I don't agree with Mr. Sherman, respectfully, that we have taken an anti-Russian position with regard to Kosova. The Russians have a neuralgia about Muslim enclaves in Slavic-majority countries gaining independence. And I heard this back in 1999 from Igor Ivanov and others that I was dealing with. "Okay, today you are

bombing Belgrade to liberate Kosova; tomorrow you will be bombing Moscow to liberate Chechnya." That was the logic train.

That said, we need to be imaginative as we approach this deadline that is coming up in December so that it is not a train wreck. And I think we are very fortunate, the United States, in having Frank Wisner representing the United States. Europe is very fortunate in having Wolfgang Ischinger. And let's hope that they will be able to work with their Russian counterpart to find a solution that meets the Russian prerequisite here, and that the solution not be imposed on the Belgrade Government.

And if that condition cannot be met, we need to preserve the principle that Kosova is going to be an independent state. That may require looking at both the timetable and the details in a way that averts a complete blowup. Because a blowup it could be violent, it could be a replay, in some fashion, of what we saw in the 1990s.

Chairman LANTOS. Thank you very much.

Dr. Piontkovsky?

Mr. PIONTKOVSKY. Thank you, Mr. Chairman.

The question raised by one of the gentlemen reminds me of two classical questions we Russians are debating in our literature and culture for several centuries: Who is to blame, and what to do?

First, who is to blame for the deplorable state of Russian-American relations? And after a brilliant demonstration of our military alliance in 2001 and 2002, I concentrated on mistakes of my government, and representatives concentrated on the mistakes of American administration. I think it is natural, it is the duty of intellectuals to criticize their own governments. But I am glad that all in this room agreed with one of my first theses, that we, Russia and United States, are natural allies, facing the same challenges of Islamic radicalism and rising China.

The gentleman from California says that Putin is a nationalist. Of course, Putin is a patriot. I never denied him of this quality. And I am a Russian patriot also. And in 2002, we two Russian patriots perceive the role of Russia in the same way; now we see it differently. And I can't be silent when we sacrifice Russian national interest to anti-American obsessions and complexes, as it happens now in Central Asia and Afghanistan, as I already mentioned it.

So passing to the second question, what to do, first, I always ask in similar audiences, what can we do for fate of Russian democracy? My answer usually is almost nothing. It is the issue of Russian Democrats. And faced with this question, I always recall the wonderful statement of our great poet, Aleksandr Pushkin. He made it 200 years ago in his letter to Count Vyzemsky. He wrote, "My dear friend Vyzemsky, of course I despise a lot of things in my motherland. But I am very much irritated when my feeling is shared by a foreigner." So this is typical. The Russians are very proud people, and it is a typical Russian reaction.

And certainly the gentleman from California is also right, that you will not be able to be consistent in your crusade for democracy, we live in the world of realpolitik, and certainly dealing with China you are more concerned with dollar-yuan exchange rate than the plight of dissidents in this country.

So my recommendation is let's try to concentrate on affinity of our geopolitical interests in the world.

And one final point: I have, nevertheless, an answer on the question of how we can help Russian democracy. Nothing else can affect Russian minds and development in Russia so positively as success story of Ukraine. Success story of Baltic republics doesn't impress us very much because they are always perceived as others by Russian. Believe me, 3, 4 years of steady success of democratic Ukraine on the way of European open, transparent development will undermine all ideological foundation of an authoritarian system in Russia. So please spare no efforts and no money for any political, financial help to Ukraine. It is the only way to help Russia.

And using the presence of our European friends, I should say of enormous importance for Ukraine would be to give them prospects of joining European Union, not in immediate future, of course, but as a very, very, very clear prospect in the future.

Chairman LANTOS. I thank both of our distinguished witnesses. Gentleman from Illinois, Mr. Manzullo.

Mr. MANZULLO. Thank you.

I must apologize. I didn't have the opportunity to personally listen to your testimony. I have been glancing through it, and I am just sorry that the opportunity was not—that I could not avail myself of the opportunity.

I have got—you might not want to touch this question, and if so, I would—

Chairman LANTOS. We touch every question.

Mr. MANZULLO. Okay, thank you, Chairman.

I wonder if both of you could comment on the troubling pattern of murders or mysterious deaths of dozen of Russian reporters, including Paul Klebnikov, Anna Politkovskaya and Ivan Safronov. Do you believe that high-level Russian Government officials may be involved in some of these incidents?

Chairman LANTOS. Ambassador Talbott?

Mr. TALBOTT. Your chairman, Mr. Manzullo, made a point of stressing exactly this disturbing feature of current Russian reality in his opening statement.

Many of the people running Russia today come from the security services, the secret police. There has been a long and unbroken tradition of so-called wet affairs, which is to say the use of murder as a means of controlling Russian society and protecting the institutional interests of the power ministries and of the state.

It is an old Russian expression that it is no accident, I think, that there has been an increase in wet affairs, whoever perpetrated them, coinciding with the emergence of what I will call generically the KGB at the center of Russian state power. One has to be very responsible, even when speaking just as a private citizen, as I am, about expressing suspicions or asserting guilt. I will tell you that—and, by the way, there are many ways of carrying out wet affairs—directly, indirectly or through multiple layers of indirection. But the pattern is deeply disturbing and does give rise to suspicions.

I happened to be in London and had an opportunity to meet with people in a position to know in the British Government in the wake of the Litvinenko murder, which, of course, was carried out in a perfectly dreadful means that was supposed to be highly secret.

And I can tell you that our British colleagues, who know a lot about the law and innocent until proven guilty and the assembly of evidence and where evidentiary trails lead, and they believe that they have at least a prosecutable case that goes very, very close to the seat of power in Moscow. And, of course, they have been thwarted in trying to get the person who certainly deserves indictment and trial into a court of justice.

That is a slightly long answer. But it should be taken very, very seriously.

Chairman LANTOS. Dr. Piontkovsky?

Mr. PIONTKOVSKY. It is difficult to talk definitely while investigation is going on in the case of Anna Politkovskaya. But what is already publically known is very troublesome information, that at least some rogue elements, both in Interior Minister and the FSB, were involved in this murder. Moreover, several top officers of both these institution have been arrested. And certainly they deny any credibility, official Government version, that this murder was being organized by Russian emigre Boris Berezovsky from abroad.

As for the second sinister affair, poisoning of Mr. Litvinenko, the most unpleasant information about it is the fact that suspected murderer, Mr. Lugovoy, is running for Parliament election. He is nominated by Zhirinovsky, the Liberal Democratic Party, as the number-two on his list. And certainly this could not be done by Zhirinovsky without blessing from the very top.

But to answer your question what distinctions has Mr. Lugovoy for running to the Duma. No, except for one, being murderer.

Chairman LANTOS. Mr. Zhirinovsky, as both of our distinguished witnesses know, is a multitaled individual.

Mr. PIONTKOVSKY. Oh, yes.

Chairman LANTOS. I am still in possession of a bottle of Zhirinovsky vodka that he gave me during the course of my last visit with him, at which time he was planning to develop a vodka empire.

Mr. PIONTKOVSKY. But, Mr. Chairman, my best advice, please never drink tea either with Mr. Zhirinovsky or his second in rank, Mr. Lugovoy.

Chairman LANTOS. Thank you very much.

Mr. TALBOTT. I would add to that, Mr. Chairman, don't drink the vodka he gave you either.

Chairman LANTOS. I will follow your advice.

The gentleman from Georgia, Mr. Scott.

Mr. SCOTT. Thank you very much, Mr. Chairman.

And this has been very, very educational and beneficial. Your testimony has been very illuminating. And I am a great fan of Russia and their culture and the toughness and the strength of the Russian people, as exemplified through their trials and tribulations all the way through the czarists, Nicholas and Alexander, all the way down through the fight of communism and all of that. But I guess my most memorable impression of Russia is Boris Pasternak's work, *Dr. Zhivago*, and David Lean's film. I remember seeing that right here in Washington, DC, in 1966. I was just in high school. I saw it in July, and when I came out of the theater, it took me 2 weeks to thaw out.

I want to ask you this. Ambassador Talbott—and you also, Doctor—but, Ambassador, you intrigued me with your comments, with your very strong acceptance of the fact that Russia is against and totally opposed to the Iranian nuclear program. And I find that very interesting, because they are at the point that they are in, in terms of the threat of having a nuclear weapon, it seems to me, directly due to Russia's help, going all the way back to 1995 when they first provided the expertise and assisted funding in the construction of the nuclear reactor plant. And subsequent to that, they have trained thousands of Iranian scientists and technicians, both in Iran and in Russia.

So it just seems strange to me that all of a sudden now they are opposed to this and surprised by this position that we find ourselves in, and that they are not building a nuclear weapon. I mean, clearly, our intelligence says just the opposite. Now, somebody here isn't telling the truth, or somebody here is looking at this from a different way.

And so, I find your testimony kind of interesting, where you say it is not in Russia's interest and they are against this. But they are the major benefactor, they are the major supplier of the whole backing of Iran's nuclear program. So I want to get a clarification on that, why you feel so strongly about that.

And, Doctor, on that point, if you agree with that, given the fact that all the tangible evidence that certainly shows the contrary, where Russia is intimately involved in this and then all of a sudden they are at this point.

And then I want to reserve a little bit of my time and come back and ask you another question about the missile defense system. But I would like to get that one first from both of you.

Mr. TALBOTT. Mr. Scott, let me amplify something I said much too cursorily in the earlier round. I used the word "contradiction." There is a contradiction and maybe even a schizophrenia in the Russian position on this issue.

Back in the 1990s, the administration of which I was a part of, the Clinton administration, had what I felt, and I think many felt, was a very useful Government-to-Government mechanism at the level of the Vice President of the United States, Mr. Gore, and the then-Prime Minister of Russia, Mr. Chernomyrdin. And they were dealing together with a lot of support from various agencies of the two Governments with a variety of issues, but no issue more than this one. And I was very much on the point in dealing with Russians at a very high level on this. And I put exactly the question to them that you are putting to me. And I am going to do the best I can to make coherent a self-contradictory answer.

But the answer boiled down to this: We want to maintain some degree of influence over Iran's evolution into the future. We know that Iran wants to become a front-rank technological power, including having civilian nuclear power, which it is allowed to develop, because it was then a member state under the Nuclear Non-Proliferation Treaty. Therefore, we are going to help the Russians with the Bushehr reactor and the other facilities that you have heard about in the proceedings of this committee.

By helping them, we will also increase our leverage over them to make sure that they stay on the right side of the line, which is

to say they not become a nuclear-weapon state, which they are not allowed to be under the NPT.

Now, just let's stipulate that my comeback, my rebuttals were all brilliant in saying why that was a contradictory position and why it was a dangerous position and why it was contrary to Russia's own interests, not least because if Russia has a nuclear-armed Iran on its borders, it is much more likely to have a number of other states on its borders, many of them Islamic states, also with nuclear weapons, which constitutes a bigger threat in some ways to Russia than it does to us.

Those arguments were not sufficiently persuasive to them. And they kept it up, and they kept it up until recently. And I think, in some sense, they are still keeping it up, although there is evidence coming out of the most recent Putin-Ahmadinejad meetings that Russia may be backing off a little bit on help that it is giving to Iran in order to try to get them to toe the line a bit more.

Chairman LANTOS. The gentleman from South Carolina, Mr. Wilson.

I am sorry, only 5 minutes per person, and that includes both the question and the answer.

Mr. WILSON. Thank you very much, Mr. Chairman.

And, Ambassador, Doctor, thank you for being here today.

And I appreciate the overall tone, because I am very hopeful of the relationship between the United States and Russia. It appears to me that we have common interests of growing economies with common free markets. We have a common enemy, as Mr. Sherman has identified, of Islamofascist terrorists. And I am really hopeful that, whatever differences we have, we can work them out.

And then I want to share with Congressman Scott, in my visits to Russia I have been very impressed by the culture of Russia, the architecture, the art, the literature, which has had such a profound impact on American culture.

Additionally, I am very grateful that my home community of Columbia, South Carolina, has a sister-city relationship with Chelyabinsk, Russia, in western Siberia. And we are encouraging exchanges of citizens from there into South Carolina and back and forth. It has just been a great experience.

Additionally, I have been working with civic clubs, in particular the Rotary Club. There are now over 100 Rotary Clubs in Russia. And, in fact, last year, Russia has its own district, so we are very hopeful that Western business people from around the world can network and the people of Russia can network through Rotary International.

With all of that, I share the concern about Iran. It just doesn't make sense to me that, the threat that we have, for Russia, is a bomb that could be delivered by truck. It doesn't take a missile. And it could be so deadly. So I am really hopeful that, indeed, we will have convergence there.

But the other question is about the missile defense system. I just can't fathom—particularly, over the weekend, it was reported that President Putin had equated the defense system that we are proposing in Poland and the Czech Republic to the placement of missiles in Cuba in 1962. I can't imagine a more incongruous and not-at-all-similar comparison.

And so, I would like comments from both of you about the missile defense system, why the concern, when it really should be beneficial for Russia too?

Chairman LANTOS. We will begin with Dr. Piontkovsky.

Mr. PIONTKOVSKY. Thank you.

Yes, of course, the American ABM system is a very questionable issue here, and I know that it is debated in the Congress. And there are arguments both for and against. But certainly comparing this situation, current situation, with the Caribbean crisis is beyond any proportion. It has proved my point that unfortunately the policy of our leader is driven often by anti-American obsession or desire to create for the public the image of Russia encircled by enemy.

But beside it, I talk with our military about it. They are very brilliant men. And they say, of course these 10 interceptors and one radar doesn't present any threat to huge Russian deterrence. But you don't know about future American plans, how many interceptors, how large system Americans are planning to develop. They want transparency and predictability. This was the essence of arms control between Soviet Union and—and I have a suggestion, a practical suggestion, to get out of the situation.

In 2009 our START I treaty expires, and Moscow is eager to expand it and to make a new treaty. I would suggest to American side to offer Russia a new treaty both on offensive and defensive weapons, the treaty which would limit both number of our offensive weapons and at the same time allow each side to have some limited number of anti-ballistic interceptors.

This treaty would first guarantee both of us the mutual deterrence and, second, would allow the United States and Russia to develop anti-ballistic system against a rogue states. This approach would be able to turn this irritant in resolution, encouraging relationship of trust between our countries.

Chairman LANTOS. Thank you very much.

The gentlelady from Texas, Sheila Jackson Lee.

Ms. JACKSON LEE. Mr. Chairman, thank you, and to the ranking member. There is an enormous succession of important hearings that we have.

I welcome Ambassador Talbott, and I welcome our distinguished guest, Dr. Piontkovsky, if I can get it fairly close.

Let me take just a brief moment of personal privilege and thank a Yale for his service to this country.

Ambassador Talbott, thank you for your service. And, of course, it is a special privilege to have graduated from the same college, the school that you did. We thank you for the work you did at Yale and the work you continue to do.

I am hopeful, as my colleague, Congressman Wilson, is, about the Russian relationship with the United States, but I am disappointed. Let me just quickly try to suggest my disappointment. And, in the context, could you be thinking about whether or not there could be truly fair democratic elections coming up in Russia?

I listened to Gary Kasparov, just a few weeks ago. Interestingly enough, he was on a TV program, "Bill Maher." And he was clear, lucid and certainly seemingly informed. I don't know what his opportunities are there. But I am disappointed, because what is hap-

pening in Russia is happening in China. The middle class are more concerned about their prosperity than they about their human rights and their civil rights. And so, both in China, where there is a despotic government that doesn't claim to be that, the middle class sits idly by and experiencing a huge economic boost, and, as well, the Russian middle class are enjoying prosperity while I see an increasing amount of violation of civil rights and human rights.

So my question is, one, whether there are fair elections, could be fair elections, because I think the behavior of the head of Government is confrontational. It is to say that Russia is going their way, "My way or the highway." They are using the oil and gas exports for political leverage, especially in Europe.

And my second question is, what practical measures can the United States and particularly European allies take to reduce their dependence on Russian energy? And has the E.U. And the United States been more tolerant and lenient, as it relates to Russia's behavior? And, therefore, we are more interested in making sure that we have a free flow of energy than we are of working with Russia and the Russian people to really ensure that we do have a friend.

And, of course, the United States has its own challenges. But I would say this to anyone that raises questions about America's backyard; I say that we do speak up about concerns about this country's behavior. There are many voices here that speak in opposition to a number of failures that we believe have occurred in this Government. Where is that in Russia? Why is Putin so singularly controlling and the Russian people seem to not express any sizable opposition? And if they do, why are we not helping and working with them?

Ambassador?

Mr. TALBOTT. Thank you, Ms. Jackson Lee.

Mr. Chairman, if I could, before responding to the Congresswoman—you run the meeting with great courtesy and discipline—at some point, I would like to say a word or two in response to Mr. Wilson's question about missile defenses.

Chairman LANTOS. Please.

Mr. TALBOTT. But not now; I leave it up to you. Because this is an absolutely key question.

We have taken a long time to get to the point in our country of one citizen, one vote. Russia today can be characterized as follows: One country, one party, one vote. I don't know how many votes are going to be cast in the election next year, but only one vote matters. And it is the vote that may be being cast even as we speak by Vladimir Putin. He is going to decide who succeeds him. And he may vote for himself, in some very real sense. So that, I think, is the short answer to your question.

Now, it is not a totally bleak picture. Gary Kasparov is a heroic figure, and, once again, we talked about him earlier in the proceedings. In an NPR interview I heard with him just last night, he said that he fears for his life and his family's life, but he keeps traveling around the country, being very careful what he eats and drinks, particularly when he flies on Aeroflot. And we just have to make sure that people like that remain in the international public eye.

And I might say that you ladies and gentlemen, as Members of Congress, and our friends, the European parliamentarians here, I think would be doing help, certainly would be doing no harm, to pay attention and give visibility to individual Russian legislators who are very brave and who are truly independent. I am thinking here of people like Vladimir Ryzhkov.

Ms. JACKSON LEE. We look forward to that.

Mr. TALBOTT. And maybe Dr. Piontkovsky will say something about that.

With regard to energy security, our European friends are further along—who are much more dependent on Russian oil and gas than we are in United States—they are further along than we are in the United States on developing a coherent strategy for energy security and energy independence.

Ms. JACKSON LEE. Thank you.

Chairman LANTOS. Ambassador Talbott, if you could use this time to respond to Congressman Wilson's question.

Mr. TALBOTT. Quick points.

First of all, there are serious people in the Russian military who genuinely believe—not as a matter of paranoia, paranoid delusion or as propaganda—that these facilities going into the Czech Republic and Poland are not defensive, and that at some point we are going to swap out those interceptors for surface-to-surface missiles, which will be very high velocity and can attack nodes within the Russian command and control system, and are there for part of a larger first-strike capability. And they have been encouraged in that belief by some highly esoteric literature in the American technical and military press. That is one point.

Second, it is my own judgment that while we live in a post-ABM Treaty world—because the United States, under this administration, chose to withdraw from the ABM Treaty—we need to be extremely careful about how we take prudent and technologically sound and promising steps to deal with rogue states.

And I don't think that the prospective deployments in the Czech Republic and Poland meet that standard. I think they are strategically questionable and technologically dubious and, I might add, divisive and polarizing within the transatlantic community. We have made a number of our close allies in Europe quite nervous about proceeding down this track.

And finally, we have played brilliantly, or not so brilliantly, into the hands of Mr. Putin. We have given him a stick to use against us, including with the Europeans.

Mr. BERMAN. May I, please?

Chairman LANTOS. Sure.

Mr. BERMAN. Take that one step further. Is there something about our planned deployment of that system that, were we to alter our plan, that the issue of Russia's collaboration and cooperation on a massively intensified sanctions regime vis-a-vis Iran might be part of something? Or am I overstating the importance of this?

Mr. TALBOTT. Mr. Berman, I think the answer to that is yes. And my impression is that Secretary Rice and Secretary Gates, when they were in Moscow for the Two-Plus-Two meetings, did explore some possibilities there, and discussions are continuing.

We are in a very awkward position, where, if we were to pull back from these deployments, it would look as though the other guy just blinked. And the other guy was us. And that would be politically hard for all kinds of reasons.

There is a right way to do this, but it should be less unilateral, both vis-a-vis the Russians and also vis-a-vis the Europeans, and, by the way, it should make more scientific sense. I think that a lot of the impulse behind these deployments in the Czech Republic and Poland have to do with the Bush administration's determination to pour concrete, to get something started that will be part of a larger antimissile system down the road, and that is not the best reason for doing something highly specific of this kind. And with the change in government in Poland, of course, we are going to have a little more difficulty in one of the two host countries and maybe some difficulty in both of the host countries.

Chairman LANTOS. Thank you very much.

The gentleman from Florida, Mr. Bilirakis.

Mr. BILIRAKIS. Thank you, Mr. Chairman.

Could you both comment on the deepening and widening of Sino-Russian relations, particularly as it relates to United States security interests in China and in Asia? How concerned should we be about the growing use of regional blocks like the Shanghai Cooperation Organization to counter United States influence in Asia?

Chairman LANTOS. Dr. Piontkovsky.

Mr. PIONTKOVSKY. Well, I already touched briefly on this issue describing current Moscow policy in Central Asia undermining Coalition efforts in Afghanistan. I think, as a Russian nationalist and patriot, that failure of the Coalition in Afghanistan will have disastrous security consequences for Russia.

First of all, it would return us to the situation of 2001 when Islamic radicals could move into the Central Asia Republic, and they have a lot of sympathizers there.

Second, the Chinese position in Central Asia will increase considerably after the United States and NATO generally will leave this region. I think that our future facing China in Central Asia is less pleasant than the triangle game including China, Russia and United States.

So again and again I want to emphasize this point. Anti-American obsessions and driven by internal-political considerations desire to create an image of enemy from the West and the United States is working contrary to the immediate, direct Russian security interests in Central Asia and in the East generally.

Chairman LANTOS. Ambassador Talbott.

Mr. TALBOTT. I think that the relationship between Russia and China is a coziness of convenience. And part of the convenience, a large part of the convenience, is that both of those countries, with all of the differences between them, are uneasy about the preeminence of the United States; and they see themselves as offsetting that.

If I were the President of Russia and were truly a strategic thinker, which Mr. Putin is often alleged to be, I would have one worry above all others—I would maybe put climate change on that list, but never mind. My one worry would be about China. I would just look at a map of my own country, which stretches across 11

time zones and is bicontinental; and in this vast area in the Far East, it is resource-rich and human being-poor. Just south of that vast area in the Far East, there is another, rather large country with 1.3 billion people which is resource-poor; and that is a formula for trouble over the long run. And I would not be helping the Chinese learn MIRV technology for their ICBMs and that kind of thing.

As for the Shanghai Cooperation Organization, I think we have absolutely nothing to fear from it; and we should "love-em up." We should offer through NATO, the EAPC, our European colleagues, and OSCE to have all kinds of partnerships with them. That would make the large members of the Shanghai Cooperation Organization rather uncomfortable—fine—and I think it would give some relief and comfort to the smaller Central Asian members.

Chairman LANTOS. Thank you very much.

The gentleman from Massachusetts, Mr. Delahunt.

Mr. DELAHUNT. Well, thank you, Mr. Chairman.

I would like to give you, Doctor, an opportunity to respond to the question that was posed by Congressman Scott in terms of the relationship between Iran and Russia and the apparent inconsistency between Russia's concerns, what we presume to be their concerns, regarding Iran's having possession of the development of a nuclear weapon and the fact that they are on their border. Yet, at the same time, I think it was Ambassador Talbott who indicated a rather interesting proposition that was put forward by the Russians when he asked that question.

By the way, welcome back, Ambassador. It is good to see you here.

Doctor.

Mr. PIONTKOVSKY. Thank you.

I already talked extensively in the first part about Russian motivation with its Iranian policy, and the oil is a very important factor there. But Mr. Scott directly asked me about the Bushehr Project, a nuclear plant which Russia has been constructing in Iran for the last 15 years. The Bushehr Project is an enormous disguise by Iranians to dupe both Russia and America.

Well, for 10 years during Clinton administration—you will remember it very well—this Bushehr Project was the main issue between Russia and the United States about Iran. But now we know that during this time Iranians clandestinely developed a project of uranium enrichment.

Well, as you know, there are two ways to a nuclear bomb. The first one is a nuclear reactor. As a result of its work, you get plutonium and make a plutonium bomb. With a more direct bomb and with the uranium enrichment, you make an uranium bomb; and now we see that Iranians lost any interest in Bushehr. Well, they do not pay money in time and Moscow is stopping and resuming. Well, it is not about policy. It is about Iranians who lost interest in Bushehr because they have a more direct way to nuclear weapons. So enrichment——

Mr. DELAHUNT. Doctor, my point is, why doesn't there appear to be a profound concern on the part of the Russians with the revolution of this——

Mr. PIONTKOVSKY. Okay. Well, I will answer you very bluntly for the second time. Because people in Kremlin are sure that, sooner or later, the Israelis will strike on this installation.

Mr. DELAHUNT. The Israelis will strike.

Mr. PIONTKOVSKY. Maybe it will be with your help—I do not know—but this installation will be eliminated. So there is no real concern about a nuclear bomb. Certainly, we do not need an Iranian nuclear bomb.

Mr. DELAHUNT. Ambassador Talbott, do you have any further comment? It is a big leap of faith to have confidence that either the Israelis or the Americans are going to take out a nuclear installation.

Mr. TALBOTT. I think the Russians—

Mr. DELAHUNT. Is there a divergence in the intelligence? I mean, are they getting different intelligence, the Russians, than are the Americans?

Mr. TALBOTT. Yes, you can be sure of that for all kinds of reasons. But whether the bottom line is different—I do not think the bottom line is different. I think the Russians are either confident of or are deluding themselves about their ability to kind of keep a hand on the lever in Iran; and they are afraid that if they release the lever then they will release forever their influence over Iran in the future. They think they can keep the Iranians playing kind of Zeno's paradox: Half a step, half a step, half a step but never quite crossing the line.

Mr. DELAHUNT. I yield back.

Chairman LANTOS. I know I speak for all members of my committee in expressing our deepest appreciation to both of our distinguished witnesses. We have learned a great deal, and we are deeply in your debt.

This hearing is adjourned.

[Whereupon, at 12:50 p.m., the committee was adjourned.]

